FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,791 Thursday November 28 1985 D 8523 B

EEC: frustrations on road to freer market, Page 16

World news

France pursues aircraft agreement

France is increasing its efforts to win support for greater European military aircraft collaboration by sending Claude Arnaud, a senior ambassador, for talks with 12 West European governments during the next few weeks.

The move carries forward an initiative by President François Mitterrand aimed at strengthening Europe's defence procurement co-operation by harmonising long-term airforce requirements.

France is launching the move partly to compensate for the failure of five European governments to agree this summer on building a common fighter aircraft for the 1990s. This resulted in France and the other four countries – Britain, West Germany, Italy and Spain – deciding to build separate aircraft. Page 2

Ulster deal backed

British MPs voted 473 to 47 in support of the Anglo-Irish agreement on the future of Northern Ireland, which for the first time gives the Irish Republic a say in the government of the province. Unionist MP the Rev Ian Paisley and his deputy, Mr Peter Robinson, immediately tendered their resignations. Earlier story, Page 11

Envoy to be recalled

An Israeli diplomat will be recalled from Washington because of his contacts with US intelligence analyst Jonathan Pollard, who is accused of selling secrets to Israel.

Sikh priest wounded

Sikh extremists shot and wounded the head priest of the religion's holiest shrine, the Golden Temple, at Amritsar, in Punjab, while he knelt in prayer before 20,000 worshippers. Page 4

Liverpool inquiry

The UK Labour Party's national executive committee has suspended its local party in Liverpool while an inquiry is made into allegations of malpractice. Page 11

Aquino may stand

Corazon Aquino, widow of murdered Philippines opposition leader Benigno Aquino, indicated at a rally that she might stand against President Ferdinand Marcos in elections expected in February.

SA warns Harare

South Africa said it would send troops into Zimbabwe in pursuit of guerrillas unless Harare stopped planting landmines inside the country. Four South African soldiers were injured when a troop-carrier was blown up by a landmine near the Zimbabwe border. Page 4

Airports paralysed

Italy's 25 civil airports were paralysed when airport firemen went on strike for six hours over reforms of the fire service.

Spanish strike threat

Spain's air traffic controllers said they would escalate strike action in December after they failed to agree with civil aviation authorities on their demands for higher wages. Page 2

Diplomats accepted

The British Foreign Office has obtained visas for seven UK diplomats to join the British embassy in Moscow to replace those expelled in September in the tit-for-tat spy row with the Soviet Union.

War games

Some shops in the UK have refused to sell a computer game based on the Falklands war with Argentina because it allows either side to win.

Snake forces landing

An Indonesian pilot made an emergency landing in Ujungpandang when he found a snake, 1 m long, loose in the cockpit. It had escaped from a box of reptiles on board.

Business summary

Italian telecom units to be merged

STET, Italian state-controlled holding company for the telecommunications industry, and Fiat, the country's largest private-sector concern, announced an agreement aimed at achieving a merger of their respective subsidiaries, Italtel and Telettra. Page 19

TOKYO: Prices ended slightly lower as institutional investors shied away from the market. The Nikkei average dipped 6.25 to 12,777.84. Page 42

WALL STREET: The Dow Jones industrial average closed up 18.92 at a record 1,475.69. Page 42

LONDON: Blue-chip industrials recovered after Tuesday's profit-taking and gilts ended mixed. The FT Ordinary share index gained 10.4 to 1,138.9 and the FT-SE 100 added 6.9 to 1,438.8. Page 42

SINGAPORE prices went into a steep fall, driven down by debt worries at Pan Electric Industries and pessimism over domestic economic prospects. The Straits Times Industrial index shed 20.29 to 697.31, its lowest level since July 13 1982, when it stood at 697.30. Page 4, Page 42.

DOLLAR ended in New York at DM 2.5445, SFr 2.0953, FFr 7.76, Y201.10. It remained weak in London, closing at DM 2.542 (DM 2.549), SFr 2.09 (SFr 2.091) and FFr 7.745 (FFr 7.7675). It was unchanged at Y201.0. On Bank of England figures the dollar's index was unchanged at 128.9. Page 35

STERLING ended in New York at $1.4895. It gained 35 points against the dollar in London to close at $1.474. It also rose to SFr 3.08 (SFr 3.075) and Y296.25 (Y295.5), was unchanged at DM 3.7475 and fell to FFr 11.415 (FFr 11.4224). The pound's exchange rate index rose 0.2 to 80.7. Page 35

GOLD fell $3.25 on the London bullion market to $328.50 and was $3.30 lower in Zurich at $328.40. In New York the Comex December settlement was $325.70. Page 34

AUSTRIA awarded a Sch 10m ($558,971) contract to Bechtel, privately owned US construction group, to find a buyer for its completed but unused nuclear power plant at Zwentendorf.

TIN: A British parliamentary committee is to hold an urgent inquiry into the tin crisis. UK and West Germany, meanwhile, agreed to differ on their interpretations of legal obligations to the International Tin Council. Page 34

DR ENRICO CUCCIA, controversial 78-year-old director of Italy's Mediobanca merchant bank, has been named to a new three-year term as the director representing Lazard Freres, minority shareholder in the bank. Page 19

MONTEDISON, Italian chemical, energy and health care group which shed 12,000 jobs between 1982 and 1984 as part of its restructuring process, expects to make a net profit this year, the first since 1979. First-half operating profits jumped 26 per cent to L424bn ($248m). Page 18

ELECTROLUX, Swedish household appliances group, has reported stagnating profits in the first nine months of the year despite a 13 per cent group sales rise to SKr 27.9bn ($3.6bn). Page 19

TOSHIBA, Japanese electrical and electronics manufacturer, suffered a 19 per cent fall in first-half consolidated net profits to Y33.98bn ($168m), blaming the recession in semiconductor sales. Page 21

BORG-WARNER, US industrial and manufacturing group, took another step in its expansion into financial services with the acquisition of Chilton, a credit reporting company, for $235m. Page 19

BRANIFF, US airline that emerged from bankruptcy 18 months ago, produced third-quarter profits of $9.4m against losses a year earlier of $11.4m, but warned that prospects were clouded by the current fares war. Page 19

Brussels to probe sharp fall in EEC steel prices

BY IAN RODGER IN LONDON

A SHARP fall in European steel prices is causing considerable unease among steel producers and the European Commission.

The fall, which comes just ahead of the planned transition to a less restrictive market management system in the EEC at the beginning of next year, has been most pronounced in the UK and France.

The Commission acknowledged yesterday that there was a problem and that it was being investigated. British steel officials are blaming France for the fall.

According to the MEPS, a UK consulting group that monitors EEC steel prices, the price of hot-rolled coil in the UK has fallen from £226 ($321) a tonne to £210 since July. Stainless steel sheet prices have dropped from £1,320 a tonne to £1,125 over the same period.

Prices in France, where the market for some key products has been sluggish for several months, are among the lowest in Europe. British steel industry officials say that despite the soft market in France, the country's producers have been maintaining output and selling their surpluses elsewhere in the EEC, thus pulling down prices, particularly in West Germany and the UK.

HOME MARKET PRICES OF SELECTED STEEL PRODUCTS (DM)

	West Germany	France	UK
Stainless 304 sheet			
July 1984	4,300	4,100	4,420
July 1985	4,780	4,215	5,287
Nov 1985	4,200	3,862	4,207
Hot-rolled coil			
July 1984	760	716	740
July 1985	795	757	880
Nov 1985	785	721	785

Exchange rates: July 1984, DM = FFr 3.07, £ = DM 3.74; July 1985, DM = FFr 3.04, £ = DM 4.005; Nov. 1985, DM = FFr 3.05, £ = DM 3.74

Source: MEPS Management Engineering & Production Services, Sheffield

The French vigorously deny these accusations. They acknowledge that their domestic market has not been strong, but neither has their output.

An industry official said: "We are aware that the British have been making these charges, but they are just not true." He said that demand for some products in France – such as structural and coated steels – was up, while for others, such as plate and stainless and engineering steels, it was down. Demand for hot-rolled coil was flat.

Overall, in the first 10 months of the year, crude steel production in France was up 0.3 per cent, whereas in the UK it was up 4 per cent. French output in October was 3.5 per cent lower than in October 1984.

Other European producers also said the British charges were too strong. West German steel producers, who are leading the campaign for a 3 per cent price increase by continental European producers on January 1, said they were unaware of any problem.

Another European producer agreed that there was a problem, but it was too simplistic to attribute it entirely to the French. He said producers in Belgium and Spain were also cutting prices and there had been increasing pressure from

Continued on Page 18

Kohl and Thatcher closer on Community reform

BY ROBERT MAUTHNER IN LONDON

BRITAIN and West Germany yesterday reached a substantial measure of agreement on several aspects of the EEC reform package which will be discussed by Community leaders at the European Council in Luxembourg next week.

Mrs Margaret Thatcher, the UK Prime Minister, and Mr Helmut Kohl, the West German Chancellor, said after their regular six-monthly summit meeting in London yesterday that their views were particularly close on how monetary policy, political co-operation and majority voting should be treated.

The two governments still disagree on the extent to which the Treaty of Rome, which created the EEC, needs to be amended, with Mrs Thatcher maintaining a formal reservation on any amendments. But she and Mr Kohl yesterday agreed that monetary issues, at least, should not be written into the treaty.

Mr Kohl said that, before this was done, the member countries had to put into practice what had already been agreed in this field and that point had not yet been reached. Second, much greater progress had to be made towards the harmonisation of member countries' economic policies before monetary policies were enshrined in the treaty.

Mrs Thatcher stressed, however, that the decision that no treaty amendments in the monetary field were necessary would not affect any decision by Britain over whether or not to join the European exchange rate mechanism.

Both Mrs Thatcher and Mr Kohl stressed the importance they attached to what has become known as "the completion of the internal market" – the abolition of national regulations which still prevent the free movement of goods and services across EEC member countries' frontiers.

The two sides had agreed that, while majority decisions should be extended in this field, the rule of unanimity should be maintained for all "important" issues, such as taxation. The reason for this was that such issues were of "existential importance" for various countries, Mr Kohl explained. He was therefore in favour of a flexible attitude.

The two leaders also agreed that the European Council must remain the supreme decision-making body of the Community, although "there can be approved procedures for the assembly's [European Parliament's] views to be considered," in the words of Mrs Thatcher.

With regard to European co-operation with research on US President Ronald Reagan's Strategic Defence Initiative (SDI), the controversial space-based anti-missile defensive system, Mrs Thatcher said that both countries were making their own arrangements with the US but hoped to end up with a similar framework.

Britain has negotiated a memorandum of understanding with the US providing a government framework for SDI research co-operation, which has yet to be signed. Mr Kohl said the Bonn Cabinet would take a final decision before Christmas on whether to create a similar framework or whether to leave co-operation to individual German companies.

Mrs Thatcher and Mr Kohl said they would jointly visit the British Army of the Rhine next spring as a demonstration of their solidarity in Nato and their commitment to the liberty of Europe.

Men and Matters, Page 16; Tin talks, Page 34

UK sells all of £1bn gilt issue

BY ALEXANDER NICOLL IN LONDON

THE British Government yesterday held its most successful debt sale for almost two years as investors oversubscribed an innovative £1bn issue of gilt-edged securities.

The easy absorption of the issue underpinned the gilt market, and prices were given an extra fillip late in the day when the pound recorded a modest bounce on the foreign exchange market.

Long-term government bonds finished about ¼ point higher on the day, while sterling closed in London at $1.4740, up less than half a cent on the day but well above the day's low of $1.4600.

Based on results published by the Bank of England, stockbrokers estimated that subscriptions for the four-year, 10¼ per cent Exchequer convertible stock totalled roughly twice the amount on offer. It was the first time an issue had sold out at tender since January last year.

The sale means the bulk of the Government's funding needs for the fiscal year ending next March have already been met, barring a serious overshoot of its £8bn ($11.7bn) target for the public sector borrowing requirement.

Although the issue had been expected to meet institutional demand, it was given added spice by options to convert the notes into a medium-dated or a long-dated stock, or a combination of both. This was the first issue to provide the complex dual-option.

It was also the first convertible issue since the London Stock Exchange's launch earlier this year of traded options on gilts, offering investors indications of how to value the conversion options as well as opportunities to trade and hedge between options and the gilt market.

Prices of UK government securities began to rally last week after spending several weeks in the doldrums partly because of worries about government economic policy and what is seen in London markets as over-dependence on oil prices and the pound.

There is a growing feeling now, however, that gilt prices could be supported during the coming weeks by the Government's modest funding needs as well as the firmness of spot oil prices and the pound – although there is no sign that the pound's strength is encouraging the authorities to signal a cut in bank base lending rates.

The Bank of England said allotments of the new stock would be made at £98.75. Tenders for more than £1m at that level will be scaled down, with those above £2.5m being 38.7 per cent allotted. All bids above the allotment price were accepted.

Money markets, Page 35

EEC budget plan freezes social spending

BY QUENTIN PEEL IN BRUSSELS

A FREEZE on social and regional spending by the EEC in 1986 was approved yesterday by budget ministers as they trimmed Ecu 1.37bn ($1.24bn) from the European Parliament's Ecu 34bn draft budget.

The plan was approved against the opposition of both the UK and Ireland, which voted against the draft for conflicting reasons.

It seems certain to run into further fierce criticism in the Parliament, which had already cut Ecu 1bn from the budget requested by the European Commission.

The new draft totals Ecu 32.7bn and includes special provision for the extra costs of Spain and Portugal joining the EEC from January 1. It also adds Ecu 400m for an accumulation of past commitments, which threaten to drain all the cash from the social and regional funds.

Agricultural spending, which accounts for about two thirds of the budget, is kept strictly within the overall rate of increase.

British opposition, voiced in a night-long budget session by Mr Peter Brooke, the new Minister of State at the Treasury, was at the insertion of an extra Ecu 400m to pay off the backlog, which he said should be met over several years.

Mr Jim O'Keefe, the Irish Budget Minister, was furious that his colleagues were enforcing a cash freeze on current social and regional spending in the 10 present member states in order to pay for the backlog and provide extra money for Spain and Portugal.

The draft also came in for attack by Spain, attending as an observer in advance of full EEC membership on January 1, for failing to provide all the cash estimated as necessary to keep the country's budget contribution neutral.

None the less, the ministers did reinsert most of the money earmarked for Spain and Portugal into the social and regional funds – an extra Ecu 321m, to make a total of Ecu 416m, compared with the Commission request for Ecu 448m. They also agreed that the Commission could keep Ecu 250m as a special reserve for unforeseen spending in the new member states, which could be released in the course of the year.

The freeze on social and regional spending in the Ten – for schemes intended to retrain unemployed workers, support job creation, and help investment in the economically depressed parts of the Community – is certain to put a severe squeeze on new projects. Already this year the Ecu 2bn Social Fund has been deluged with spending applications.

Delors condemns reform move, Page 2; Summit outlook, Page 16

Greek budget aims to cut deficit by 4%

BY ANDRIANA IERODIACONOU IN ATHENS

THE GREEK Government yesterday unveiled an ambitious budget for 1986, in which it hopes both to slash the budget deficit by 4 per cent from this year's figure and to increase education, health and social welfare spending in real terms.

The EEC has told Athens that it must reduce its public sector borrowing requirement (PSBR) to 13 per cent of gross domestic product (GDP) by the end of next year. This was one of the terms set by Brussels before approving a two-part Ecu 1.75bn ($1.5bn) loan earlier this month to help Athens through its balance of payments crisis.

Greece's net PSBR is expected to reach about 18 per cent of GDP this year. The current account deficit is projected at $3bn.

The budget proposes to balance a 20.3 per cent increase in expenditure with a 31.8 per cent increase in revenue in order to limit the overall deficit to Dr 569.9bn ($3.8bn), 4 per cent less than in 1985. The Greek authorities expect an inflation rate of 16 per cent in 1986, against about 20 per cent at present.

In marked contrast to previous years, the 1986 budget imposes a strict limit on wages, salaries and pensions, for which the increase in expenditure is trimmed exactly to the projected inflation rate of 16 per cent.

The budget aims to reduce the overall deficit of public sector corporations, estimated at about 3 per cent of GNP this year, by 24.6 per cent at current prices, mainly through cuts in spending, but also through increases in earnings. Hiring will be more strict, procurement programmes more carefully vetted and only "strictly necessary" investment projects carried out in 1986.

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European helicopter chiefs to meet on Westland

By Bridget Bloom, Defence Correspondent, in London

SENIOR aerospace executives from three European countries are to meet in London tomorrow in the latest step in Britain's effort to find a European solution to the problems of the financially troubled Westland helicopter group.

The chief executives of Italy's Agusta, Aerospatiale of France and the helicopter division of West Germany's Messerschmitt-Bölkow-Blohm, have been invited to meet Mr Michael Heseltine, the British Defence Secretary. Senior armaments officials of the four countries are also expected to attend.

Mr Heseltine convened the meeting after urgent consultations showed that his ministerial counterparts in Bonn, Paris and Rome also believed that a European solution to Westland's problems was politically desirable.

Westland's problems centre on its lack of work over the next few years before production starts of the EH101, a naval and utility helicopter, which it is building jointly with Agusta. Westland faces an imminent financial reconstruction as it tries to plug both the gap in its work load and in its balance sheet.

Westland, under the chairmanship of Sir John Cuckney since June, favours selling a minority shareholding of up to 30 per cent to Sikorsky, the helicopter subsidiary of United Technologies of the US. It is not known whether Westland will be represented at tomorrow's meeting.

Westland's preference, however, greatly worries Agusta, which sees Sikorsky's planned new anti-tank helicopter rivalling its own A129, which is planned as a joint project with Westland.

The other European governments and companies fear that the Sikorsky solution would spell the end of their plans to build jointly with Westland and a number of other European companies a middle-weight helicopter, for the 1990s – the Nato NH90. This is because Sikorsky is expected to offer its Black Hawk, a competitor to the NH90, to fill Westland's work gap.

Final agreement for tomorrow's meeting was apparently reached yesterday in personal discussions in London between Mr Heseltine and Dr Manfred Wörner, his German counterpart. The two ministers met in the context of the Anglo-German summit between Mrs Margaret Thatcher and Chancellor Helmut Kohl and the foreign ministers of the two countries.

CONTENTS

Spanish air traffic faces fresh disruption

By David White in Madrid

SPAIN'S main air traffic controllers' union has taken aviation authorities by surprise by announcing a further series of strikes next month in pursuit of its claim for substantial pay increases and shorter hours.

The union, Aceca, plans to call strikes on nine days between Saturday December 7 and Friday December 20 if a settlement is not reached. The threat marks an escalation of the dispute which has already disrupted services twice in recent weeks for periods of 48 hours.

Government civil aviation chiefs are due to hold talks with Aceca and other unions representing air controllers today in an effort to find a way out of the stalemate. The authorities say the pay claim amounts to a 70 per cent increase.

Maintenance staff at the Spanish national carrier Iberia have announced industrial action on five days next month, threatening a further complication in the airline's bid to reduce losses this year.

Irish shipping dispute continues

By David Thomas in London

THE IRISH shipping company B&I yesterday considered four sets of proposals designed to solve the dispute which has disrupted all its passenger, ferry and freight services across the Irish Sea since Tuesday.

The Seamen's Union of Ireland has been on official strike against a B&I plan which would mean about 525 job losses out of about 2,000 employees.

B&I carries about a third of the Irish Republic's total trade, including a large share of freight trade with Britain.

The UK's National Union of Seamen has instructed its members not to operate additional ferry sailings or handle identifiable B&I cargo during this dispute.

The B&I board is to meet again on Sunday to consider reactions to the four proposals. In the meantime, it has appealed to the Irish seamen's union to suspend its action.

COMMISSION PRESIDENT APPEALS FOR CONCESSIONS

Delors condemns reform package

BY QUENTIN PEEL IN BRUSSELS

THE PACKAGE of reform measures being prepared for approval by EEC leaders at their summit in Luxembourg next week was damned yesterday by Mr Jacques Delors, the president of the European Commission, as failing to provide "the minimum necessary for the revival of Europe."

In a wide-ranging appeal for final concessions from the member states to give more power and substance to the institutions of the Community, Mr Delors made clear his own disappointment with the reform plans.

In particular, he called on the heads of government to back his vision of a "Europe without frontiers" as the basis for a European revival, and urged them to include reference to a monetary capacity for the EEC in a revised Treaty of Rome.

"The Europe without frontiers which we proposed has become the victim of a Texas chain-saw massacre," he declared, referring to the determination of member states to hold back on any final commitment to sweep away all border controls.

He dismissed suggestions that he would resign if he did not succeed in his call for more substantial changes in the EEC rules, needed to speed up decision-making, improve efficiency and increase the democracy of the system by extending the powers of the European Parliament.

"Commissioners were appointed for four years," he said at a news conference. "They do not intend to desert the battlefield the first time the guns go off. You can lose a battle, but you don't lose the war."

He insisted that the modest progress in the inter-governmental conference on reform was not the end of the reform process, and work for greater change would continue. "It is difficult to think that 10 or 12 leaders will not find a way to map out the future of Europe," he said.

In a criticism directed at governments like Britain's seeking progress on an open common market above all, he said: "The big market alone is not enough. If we can't have a Europe without frontiers, then our economies will lose the economies of scale."

He also criticised the British Government for its resistance to including monetary responsibility in the Treaty. "How can we have a free movement of capital if we don't have a minimum of co-operation on monetary matters?" he asked. But the UK was totally opposed and West Germany "hesitant."

Mr Delors: call to sweep away all border controls in Community

Yugoslavs sound economic alarm

BY ALEKSANDER LEBL IN BELGRADE

YUGOSLAVIA'S collective presidency has issued a dramatic warning about the social and political consequences of the country's worsening economic plight, after summoning the federal Government to an unprecedented joint meeting on Monday night and telling it to do better.

The nine-strong presidency, representing each of the country's eight republics and provinces plus the Communist party, complained that falling living standards were causing rising dissatisfaction among ordinary Yugoslavs and that the Government was being too lax in pushing through reform.

Prime Minister Milka Planinc, whose four-year term of office ends next May, responded by promising that her cabinet would work as if it were at the start, not nearing the end, of its term. She has fought hard, even using resignation threats, for such reforms as a better foreign exchange distribution system against entrenched opposition from republics defending their parochial interests. But her increasingly "lame duck" status as outgoing premier has evidently weakened her influence.

The state presidency is reported to want one of its younger members as the next Prime Minister. In a lengthy statement this week, the presidency called for increased official austerity in terms of fewer official celebrations at home and trips abroad, but also measures to stem the decline in living standards for ordinary Yugoslavs, including a cut in taxes on consumer goods, fuel and utilities by the end of this year.

It noted that the "long-term stabilisation programme," adopted two years ago as the basis on which the International Monetary Fund has been lending to the country, was still not fully implemented.

One manifestation of the erosion of political authority in Yugoslavia has been the declining appeal of the Communist Party, especially for workers and young people. For the first time in nearly 30 years, more people left the party this year than joined it. In Croatia, for instance, for each worker joining the party there are naw three disenchanted workers leaving it.

Oslo lifts ban on Swedish banks

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

NORWAY HAS lifted its ban on Swedish banks entering the Norwegian banking market in response to Sweden's move to open its own frontiers to foreign banking operations.

Norway opened its banking market to foreign banks last year and the first operations began in early 1985. The authorities approved applications from seven banks, Chase Manhattan, Citibank, Manufacturers Hanover Trust from the US, Banque Nationale de Paris, Banque Paribas and Banque Indosuez from France and Samuel Montagu from the UK.

Requests were blocked, however, from Swedish banks. Svenska Handelsbanken, and Wermlandsbanken and Upplandsbanken (which made a joint application), were refused because Stockholm failed at that time to grant reciprocity.

Agreement to allow Swedish banks into Norway was reached at a meeting of Nordic finance ministers in Copenhagen

Hijacker may face trial in Malta

By Our Foreign Staff

THE MALTESE Government was continuing its investigation yesterday into the storming of the hijacked Egyptair airliner by Egyptian commandos last Sunday, when 59 people were killed.

Police have interviewed the lone survivor among the five terrorists. Thought to be a Tunisian, he is said not to be critically ill. If there is sufficient evidence, charges will be brought against him under Maltese law, said the government spokesman. Malta does not have specific anti-terrorist laws and no longer invokes the death penalty for murder.

The government is known to be unhappy about the great loss of life. Although some passengers were asphyxiated in the fire which broke out in the cabin after the terrorists hurled grenades, others, including children, are thought to have been killed by gunfire from the Egyptian commandos.

Tony Walker in Cairo adds: Egypt has demanded the extradition of the surviving hijacker. The official Middle East News Agency reported yesterday that Cairo wanted the man to stand trial in Egypt.

Tunisia has said his passport, carrying the name of Omar Marzouki, is a fake.

Right says it will sell French state groups

By David Housego in Paris

FRANCE'S right-wing opposition, which expects to win power next March, says it will pass a "framework" denationalisation law early in the new Parliament to allow it to change the heads of nationalised banks and industries.

The right-wing parties have now agreed on a denationalisation programme, and have also prepared a draft law giving more independence to the Bank of France and strengthening its hand in the management of monetary policy.

Mr Alain Juppe, of the neo-Gaullist RPR, said yesterday that the new government would appoint a Minister of Denationalisation. It would also name a consultative commission to evaluate the worth of the nationalised groups, to advise on share disposals and to ensure transparency in the operations.

The "framework" law would provide for the main nationalised banks, insurance companies and competitive industrialised groups to be transferred to the private sector.

It would remove President Francois Mitterrand's voice in the appointment or dismissal of the heads of nationalised groups, vesting this power in the Prime Minister.

Though the "framework" Bill would be passed early, privatisation would be spread over a five year period at a rate of about FFr 20bn-FFr 25bn a year. Of this some FFr 10bn-FFr 15bn would have to be raised in cash on the capital market.

Mr Juppe did not believe that financing the programme at this pace would pose any problem. The new government expected an inflow of French capital from abroad in the wake of an amnesty on previously illegal transfers of funds. The tax system would also be changed gradually to make equity purchases as attractive as bonds.

The right favoured cross-holding between French denationalised groups and other international companies seeking to make strategic alliances. But foreign holdings in denationalised companies would be limited to 20 per cent and no individual holder would be able to hold more than a fixed percentage

France pursues joint action on military aircraft

BY DAVID MARSH IN PARIS

FRANCE IS stepping up its efforts to win support for greater European military aircraft collaboration by sending Mr Claude Arnaud, a senior ambassador, for talks with 12 West European governments during the next few weeks.

The move carries forward an initiative by President Francois Mitterrand aimed at strengthening Europe's defence procurement co-operation by harmonising long-term air force requirements.

The action is partly intended to compensate for the failure of five European governments to agree this summer on building a common European Fighter Aircraft (EFA) for the 1990s. France and the other four countries—Britain, West Germany, Italy and Spain—decided to build two separate aircraft.

Mr Arnaud, who also carried out a roving mission to European capitals in the early summer to win support for France's Eureka technology co-operation programme, will be conferring with the other governments in the 13-nation Independent European Programme Group (IEPG).

The group was revived a year ago by European defence ministers to try to act as a forum for greater arms co-operation

Mr Arnaud's mission follows announcement of a scheme for long term aeronautics co-opera- Foreign Minister, at a meeting tion by Mr Roland Dumas, the of the Western European Union in Rome a fortnight ago. It helps explain Mr Mitterrand's own proposals—put forward on November 8 in Bonn—that France should take a small stake in the EFA project as a way of bolstering European unity.

Mr Mitterrand, speaking in London last week said his proposal for a French stake of perhaps 5-10 per cent was "more psychological than commercial or technical." But the idea of "mutual reciprocal financing" of European aircraft projects would be one way of building up an industrial consortium producing a "family" of military aircraft in line with the co-operation in manufacturing Airbus airliners.

French officials said yesterday that Mr Arnaud would be "testing the ground" in a "pragmatic" way in his talks with European governments. He would be exploring ways of co-operating above all by bringing airforce requirements for new equipment into better harmony. Mr Mitterrand suggested in London that governments look to needs over a 30-year horizon so that air forces would be in the position of ordering "the same type of aircraft at the same time."

The problem of aligning "windows" for co-operation—the relatively short periods during which governments need to make major decisions on re-equipping their air forces—greatly preoccupied officials working on the EFA project.

As well as trying to make up for this summer's setback, Paris also has an eye on the imbroglio over the future of Westland, the British helicopter maker.

Officials from Aerospatiale, the state-owned aerospace group, have been in London this week to try to help work out a European solution to Westland's problems, in line with efforts being made by Mr Michael Heseltine, the British Defence Minister.

The French Government and aerospace industry believe that the bid by Sikorsky, the US helicopter manufacturer owned by United Technologies, to take a stake in Westland would be greatly damaging for the European industry in the long term.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd. 1985.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

EUROPEAN NEWS

Gorbachev's summit report aims to reassure military

BY OUR MOSCOW CORRESPONDENT

MR MIKHAIL GORBACHEV, the Soviet leader, said yesterday that his Geneva summit with President Ronald Reagan helped to stabilise international relations. But he stressed once more than Mr Reagan's refusal to drop Star Wars plans blocks further relexation of East-West tension.

In a report to the national parliament also broadcast live on Soviet television, Mr Gorbachev said that "it is absolutely essential to slam shut the door through which weapons could get into outer space. Without this, no radical reductions in nuclear armaments are possible. We hope that what was said in Geneva was not the last word of the American side."

The speech, formally labelled a report to parliament on the summit, seemed intended also to reassure the influential Soviet military and Kremlin conservatives that he had not dropped his insistence on a space weapons ban before any other arms cuts or improvements in relations are agreed.

The Soviet media have given optimistic assessments of the summit, presenting it as a diplomatic success for Mr Gorbachev and Soviet foreign policy.

The ruling politburo, in a report issued on Monday, took a new tack—saying that US and Soviet arms proposals had "points of contact" that made eventual agreement possible. This approach is risky for Mr Gorbachev because of the lack of tangible progress on arms control which the Kremlin earlier said was necessary for a successful summit.

Mr Gorbachev underlined the importance of having made personal contact with Mr Reagan and agreeing to subsequent summits. "We have every right to say that the total balance of Geneva is positive," he said.

He took care to balance all these political statements with military considerations, however, and again assured listeners that the Soviet Union will find a response to any US attempt "to overtake us with the help of electronics and computers" and put weapons in space.

The balance Mr Gorbachev must strike between political and military interests emerged clearly in a front-page editorial of the military daily newspaper Red Star on Tuesday. It was more guarded than other newspapers about the summit, but also made clear to the military that, for the moment, the Kremlin has decided on "jaw and not war."

Hungarian company 'bankrupt'

By Leslie Colitt in Berlin

ONE OF Hungary's largest companies, the Hungarian Cable Works (MKM), is technically "bankrupt" after losing a record Forints 700m (£10m) this year and F300m last. All its bank loans have been frozen and top management dismissed. White collar staff at its headquarters in Budapest have a choice of production line jobs on dismissal.

The company will not be allowed to collapse, however. MKM's tax liabilities are to be reduced to a "minimum" and a committee from the national bank has recommended a 5 per cent increase in domestic cable prices next year as well as a partial respite from taxes over the next five years.

The bank is expected to provide a short-term loan to cover operating deficits. Individual plants are to be given a maximum amount of autonomy.

MKM's losses stem from F3bn in investments in new plant to produce power cable, based on estimates that domestic demand would grow by at least 10 per cent annually. But sharp cuts in investments reduced growth in demand to 3 per cent.

The company also failed to fulfil contracts to build overhead transmission lines in Jordan and Abu Dhabi.

Survey on Nordic aid to industry

By Olli Virtanen in Helsinki

FINLAND and Denmark have given considerably less public support to their industries in 1980–84 than Sweden and Norway. At the same time the Finnish and Danish economies have grown faster than those of the other two Nordic countries.

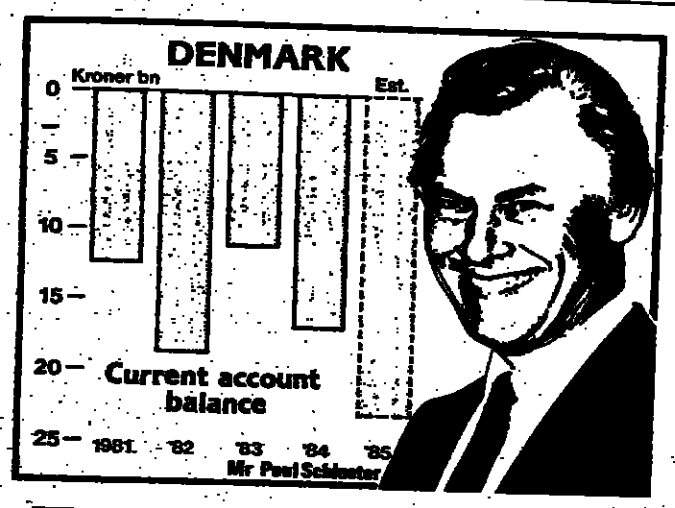
A recent study by the industry ministries of the four Nordic countries shows that public aid to the Finnish industry during 1980–84 amounted to $565 for each employee and to the Danish industry $575. In Sweden, the figure was $1,725 and in Norway $1,390.

Much of the support to the Swedish and Norwegian industries has been directed towards restructuring various branches of industry, including mining, shipbuilding and steel.

More than 60 per cent of the support in Finland has been in the form of aiding industries in the sparsely populated "development areas." In Norway and Sweden, the regional aid amounted to 10 per cent of the total.

The study notes that Nordic countries generally put more emphasis on regional aid, whereas most European countries concentrate on restructuring ailing branches of industry.

Public aid, which was calculated on a net cost basis, amounted to 0.2 per cent of GDP in Denmark, 0.3 in Finland, 0.4 in Sweden and 0.5 in Norway.



Mr Poul Schlueter

External account sparks concern

BY HILARY BARNES IN COPENHAGEN

PRIME MINISTER Poul Schlueter, leader of Denmark's four-party non-socialist minority coalition Government, has rarely appeared in public over the past three years without a sunny smile and an optimistic commentary on the country's economic progress.

The grin, however, has become less wide of late as evidence has accumulated that one of the country's most critical economic problems, the deficit on the current account of the balance of payments, is getting steadily worse.

It is now widely expected that the Government, having postponed action again and again in the hope that an export-led boom would develop, will now have to take tough measures, probably within the next few weeks, to reduce domestic demand.

This is the interpretation placed by Danish commentators on the Prime Minister's comment this week on the October trade figures. "The new trade figures are not satisfactory and will be an important element in the Government's deliberations as to whether and to what extent economic policy should be adjusted," he said.

Among the measures which the Finance Ministry is known to have ready are higher energy taxes, which would compensate for falling energy prices over the past year, a substantial culling of the local government sector's cash surplus, increases in excise taxes on alcoholic beverages and tobacco and postponement of public sector building projects.

Other measures being canvassed by some politicians include an increase in Value Added Tax from 22 per cent to 25 per cent, increases in employer social security (payroll) taxes, in car registration fees and in purchase taxes on luxury goods, such as video cassette recorders.

Trade figures

The preliminary October trade figures showed a deficit of DKr 1.6bn (£118m), the highest monthly deficit this year. The total deficit for the year so far amounts to DKr 8.9bn compared with DKr 5.8bn for the same period last year. Imports this year have risen by just over 11 per cent and exports by about 8 per cent.

With a net foreign debt of about DKr 230bn, almost 40 per cent of Gross Domestic Product, the deteriorating external account cannot be ignored by the Government.

The current account deficit in the first three quarters this year was DKr 17bn (£1.2bn) and will almost certainly reach between DKr 22bn and DKr 23bn for the year, about 3.5 per cent of GDP.

All the other main economic policy indicators have moved in the right direction since the present Government took over in the autumn of 1982 after a long period of Social Democratic rule. It has moved to tackle inflation by abolishing the index linking of prices and wages and has taken effective steps to bring rising public expenditure under control.

These measures, together with assurances that the exchange rate was inviolate (as far as possible within the European Monetary System), triggered a sharp fall in interest rates and initiated a business investment boom.

The results of the Government's policies have been described by, among others, the Organisation of Economic Co-operation and Development as "the Danish economic miracle."

Manufacturing

Investment in manufacturing last year rose by no less than 29 per cent and is likely to rise by about 20 per cent this year. Inflation, as measured by the change in consumer prices over the 12 months to October, is now running at about 3.9 per cent a year.

Hourly wage rates in industry are increasing by between 4 and 5 per cent, compared with up to 11 per cent before the government took over.

Unemployment has fallen from an annual average peak level of 10.7 per cent in 1983 to about 9 per cent this year, while about 60,000 new jobs, almost 3 per cent of total employment, were created last year, almost all in the private sector.

The budget deficit, one of the most critical problems inherited by the Government, has been sharply reduced. It had reached about DKr 53bn, or 11 per cent of GDP in 1982. This year it will be about DKr 35bn, 5.8 per cent of GDP and the projected deficit for 1986 is DKr 20bn, 3.2 per cent of GDP.

The exepected action by the Government to deal with the external account may have political implications, following the poor showing by the Government parties in local government elections earlier this month. Socialist parties represented in the Folketing (parliament) polled 49.1 per cent of the votes in county elections, compared with 45.4 per cent by the non-socialist bloc.

Dissatisfaction with tight controls on government expenditure, construed by the opposition as an assault on the welfare state, was probably one reason for the poor showing by the non-socialists.

If the Government now has to admit that its economic policies have been unsuccessful in important respects, the slide to the Left could continue. However, the next Parliamentary election is not due for another two years, so there is still time for Mr Schlueter to find new reasons to smile.

China officials guilty of economic crimes

BY ROBERT THOMSON IN PEKING

TWENTY THREE Chinese government officials have been sentenced for offences including bribery, fraud, illegal speculation and tax evasion as the Government toughens its campaign against economic crime.

Peking's municipal intermediate court heard that the 23 defendants, aged between 27 and 64, illegally received 256,000 yuan (about £55,000) and the country lost about 1.126bn yuan because of them.

The Chinese leadership is greatly embarrassed by the economic crimes of party and government officials. It has introduced ambitious economic reforms, only to find that officials have abused them to line their own pockets.

The crimes are a sensitive political issue. Diplomats suspect that the leadership is toughening the campaign in a bid to head off attacks by conservatives within the Politburo who have condemned corruption.

Among those sentenced was a 64-year-old revolutionary veteran, Yin Zhinong, who had been deputy manager of Peking's iron and steel works. He was jailed for six years for price speculation.

Yin, who was also expelled from the Communist Party, allegedly placed orders in June last year for 200 tonnes of rolled wire for a welding rod factory in Chongqing, in south-west China. Then, in collusion with a Chongqing official, he resold 50 tonnes of the wire for a profit of 8,000 yuan.

Yin pleaded not guilty to the charge, which the prosecutor alleged he had attempted to cover up. Any accused person before a Chinese court is presumed to be guilty; the case would not have proceeded had he admitted the charge. So Yin's jail term was increased for not having pleaded guilty.

Zhou Kangyuan, a former official of the Ministry of Astronautics, was jailed for 10 years after denying accepting 30,000 yuan in bribes. The court was told that he took the money after agreeing to supply a provincial department with 400 Fiat cars.

The Economic Daily said 21 of the 23 officials were jailed for periods from one to 15 years. Two others were shown leniency because "they had taken the initiative to confess their crimes and show signs of repentence."

Since the open door policy was introduced, crime has flourished in spite of the long and frequent lectures given to government workers in a position to be corrupted. They are told of the importance of their roles in China's modernisation drive, but as these cases show, money gets the better of many of them.

One of those who received a severe sentence for abusing his position was Wang Bin, a cadre (high official) of the Peking branch of the Bank of China. Wang allegedly opened illegal foreign exchange accounts for factories, purchasing large amounts of the scarce exchange and reselling it at a handsome profit to himself and several associates.

Suharto in warning on jobs

PRESIDENT Suharto of Indonesia has warned that Indonesia is facing the danger of uncontrollable unemployment as a weakening oil market brings slower growth to the nation of 165m people, Reuter reports from Jakarta.

"While the number of people looking for jobs continues to increase, the Indonesian economy is not expected to grow at a very high rate," Mr Suharto told a labour conference.

"If we are not careful, our economy won't be able to cope with the growing number of job seekers," he said.

Mr Radius Prawiro, Finance Minister, said in parliament that Indonesia's oil-dependent economy would find it hard to achieve 5 per cent growth because of the bleak outlook for oil and the world economy.

Western bankers and diplomats said that widespread unemployment in this predominantly Moslem nation could fuel fundamentalist Islamic opposition to President Suharto's Government.

Oil and gas account for more than 70 per cent of Indonesia's foreign exchange and since the boom years of the 1970s have funded Mr Suharto's ambitious development plans and met costly food bills.

Bankers and diplomats said the government appeared to be preparing the nation for an austerity budget for the year starting next April—a draft of which must be presented to parliament in the first weeks of 1986.

Wong Sulong and Bob Vincent on a misjudgment over development

Malaysia misses the industrial boat

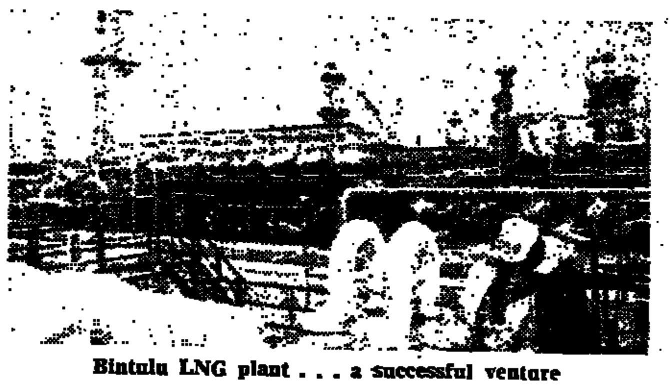
MALAYSIA'S ambition to be counted among the world's major industrialised nations by the year 2000 has suffered a major setback in the face of prolonged economic recession.

In the past five years, this country of 15m people, has invested more than $5bn in a string of major industrial projects, most of which are now suffering from reverses on world markets. Proposals for further schemes, such as a cold roll steel mill, an oil refinery, an aluminium plant, a copper smelter and a pulp and paper mill, have now been shelved.

When Dr Mahathir Mohamed became Prime Minister in 1982, the country was at an economic cross-roads. Malaysia was already a major commodity producer of rubber, tin and palm oil and had oil and gas reserves. It also had a fairly strong manufacturing base, in textiles, electronic components and import substitutes.

Policy planners agreed that there was a need for a second round of industralisation, and Dr Mahathir, a man of vision in a bit of a hurry, chose the path of heavy industry. He felt the world recession would not last, and heavy industries appeared to make sense in a country which could use its natural gas as a cheap feedstock.

The Heavy Industries Corporation of Malaysia (Hicom) was established to spearhead this drive. The country now has two hot briqueted iron plants, one owned by the Federal Government through Hicom in Trengganu state, the other owned by the Sabah state government on Labuan Island, with a combined capacity of 1.2m tonnes a year.



Bintulu LNG plant . . . a successful venture

Unfortunately, scrap iron is now much cheaper than hot briquetted iron on world markets, so that the Labuan plant has been able to sell only small quantities to some Asian countries. Recently, China agreed to take 200,000 tonnes.

The plant at Trengganu is undergoing production trials, and Hicom is considering mothballing it, for price is another problem. The price of steel billets (a main product from HBI) was over US$3,000 per tonne when the plants were started. Today, the price has fallen by more than half.

Malaysia's cement factories are also in trouble because of a serious glut and high production costs. Due to a slowdown in the construction industry, the country's cement requirements for this year have been scaled down to 4m tonnes from a projected 4.9m tonnes.

Existing cement factories have a combined capacity of 6.4m tonnes and quotas are being worked out, with new entrants to the market having a smaller share. Hicom's $166m cement plant on Langkawi island in Kedah state, with an annual capacity of 1.2m tonnes, has received a quota of 700,000 tonnes.

The situation will become worse when the $187m Perak Hunjong plant — a joint venture between the Perak state Government and a South Korean company — comes into operation next year with a capacity of 1.2m tonnes.

The most successful project so far has been the liquid natural gas venture at Bintulu in Sarawak state, between Petronas, the national oil company, Shell and Mitsubishi Transport. The plant, costing over $1bn produces 6m tonnes of LNG annually for export to Japan over a 20 year period.

The most publicised and the most criticised project — the Malaysian car — ironically *appears to be on the road to success.* The Proton Saga, went on sale in September, and has orders solidly booked until April next year.

According to Mr Saufi Bin Haji Abdullah, vice-president of Hicom, if sales of the Proton Saga are sustained, the company should be making money after three years. A big worry remains the 17 per cent appreciation of the yen against the Malaysian dollar this year. Sixty per cent of the Saga is still sourced from Japan.

In addition, for the year ended March 1985, Hicom has also contracted loans of M$352m ($146m) in yen. Hicom made a pretax loss of M$17.7m, 60 per cent of it yen-related.

Mr Saufi is philosophical about Hicom's prospects. He acknowledges that the group's HBI and cement plants are incurring heavy losses, but points to its ownership of Heavy Industries Valley, which he describes as a "cash cow."

The 2,220 acre former rubber plantation outside Kuala Lumpur was purchased from Sime Darby for M$89m and converted into an industrial estate. Factory lots are being sold at four to five times the cost Hicom paid for the land.

Datuk Joseph Pairin Kitingan, the Sabah Chief Minister, is in a more problematical situation, having inherited several economic white elephants from the previous Government.

These include the HBI plant, a methanol factory and a gas utilisation project, costing a total of M$2.4bn.

Singapore share index hits three year low

By Chris Sherwell in Singapore

SINGAPORE'S weakening stock market went into a virtual free fall yesterday, driven down by the near collapse of a well-known local company and deep pessimism over domestic economic prospects.

After what brokers called "panic selling" and a "crisis of confidence" the Straits Times index of 30 industrial stocks fell more than 20 points, through the psychological 700 barrier, to 697.31, a three-year low.

The index has fallen almost 65 points since the shares of Pan-Electric Industries and two related companies, Growth Industrial Holdings and Sigma International, were suspended last Tuesday.

Pan-Electric had failed to make a S$7.5m (£2.5m) debt repayment on Monday and owes a total of S$400m. Bankers and brokers say the knock-on effect of its collapse —on other companies, broking firms and banks—would be disastrous.

A further dip in share prices seems likely today following the revelation last night that Singapore's real gross domestic product contracted 3.5 per cent in the third quarter of this year compared to the corresponding period last year.

The Ministry of Trade and Industry, saying the fourth quarter outlook is "bleak," projected a two per cent negative growth rate for 1985 as a whole.

This would represent Singapore's worst economic performance since 1964, and confirms that the economy's deceleration this year from 8.2 per cent growth last year will be one of the severest in the world.

Although a plan of action to rescue Pan-Electric was finally agreed in principle on Monday, implementation cannot begin until all details are settled.

Since Pan-Electric's shares are part of the Straits Times industrial index, analysts say the true figure for the index after yesterday's trading should be under 690. Even with a rescue, they say, the shares are likely to be worth little more than their par value of 50 Singapore cents when requoted compared with S$1.46 at the time of suspension and a 1985 high of S$3.36.

South Africa hit by series of land mine explosions

BY ANTHONY ROBINSON IN CAPE TOWN

MR PIK BOTHA, the South African Minister of Foreign Affairs, has called on the Zimbabwean Government to ensure that its territory is not used for the "planning of violence against South Africa," following a series of land mine explosions close to the frontier.

The Czech-made land mines embedded in a dirt farm road exploded under a heavy truck and a light van on Tuesday and another explosion injured two black soldiers when it detonated under their troop carrier 10 km away yesterday.

Police believe the mines were planted by a three-man African National Congress (ANC) commando team from across the nearby border, which runs across the Limpopo River dividing South Africa and Zimbabwe.

Local black farm labourers told police that three unidentified blacks had crossed the river on Monday night and returned to Zimbabwe early on Tuesday morning.

Army units searching roads in the area discovered two more unexploded mines. It was during the search that the troop carrier was damaged yesterday.

South Africa has constructed an electrified fence along stretches of the border and strengthened its border defences generally in the interval since the March 1964 Nkomati agreement with Mozambique.

It appears to face a new security problem in the sparsely populated border farming areas of the northern Transvaal.

South African and Zimbabwean officials meet occasionally to discuss security matters but there is no formal security agreement between the two countries on the lines of the Nkomati accord and the similar agreement signed two years earlier with Swaziland.

Mr Botha said that South Africa's trade representatives in Harare had been instructed to "bring the facts of the incident to the attention of the Zimbabwe Government."

US and Angolan officials yesterday opened their first formal talks on possible independence for Namibia since Angola suspended contracts with Washington four months ago, writes Patti Waldmeir from Luanda. The talks, which bring together a US delegation led by Dr Chester Crocker, assistant secretary of state for African affairs, and Angolan officials including Interior Minister Alexandre Kito Rodriques, were expected to continue today. US mediation efforts over several years have failed to yield an agreement on the critical issue of the timetable for the withdrawal of Cuban troops from Angola.

Golden Temple head priest wounded by gunmen

BY JOHN ELLIOTT IN NEW DELHI

THE head priest of the Sikhs' Golden Temple in the northern Indian city of Amritsar was wounded and a body guard killed by three gunmen as celebrations began for 516th anniversary of the birth of Guru Nanak, the founder of the Sikh religion. Police later detained about a dozen people for questioning.

Giani Sahib Singh was attacked on his way to the *shrine* to start the day's ceremonies, which 10,000 people attended.

It was the latest of a series of attacks believed to have been mounted by Sikh extremists who want to overturn the peace accord in their home state of Punjab which led to elections two months ago to the state's provincial assembly.

Last weekend two people died when a bomb blew up a passenger train in Punjab and there has been a series of other attacks which have shown that the extremists have not yet been curbed by security forces.

The Partnership in action. From left to right: Bernd Dublinksi, Corporate Controller for Pepsi in Germany; Curt Schade, Chase Service Products; Dietrich Kube, Chase Relationship Manager; and Roland Behringer, Accounting Manager; Pepsi in Germany.

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AMERICAN NEWS

Budget cuts force star wars down to earth

BY REGINALD DALE, US EDITOR IN WASHINGTON

CONGRESSIONAL budget cuts have forced the US star wars research programme to shift its emphasis from exotic space-based weaponry to less complicated land-based defensive systems, according to the programme's director, General James Abrahamson.

The reduced funds available had obliged researchers to focus on systems that had shown the most early promise and could be pursued most economically, Gen Abrahamson told a Washington news briefing. These were land-based lasers and rockets, rather than the complex space gadgetry largely responsible for the programme's star wars nickname.

Congress cut the Administration's request of $3.7bn (£2.5bn) for the programme this year to $2.7bn an dis most unlikely to provide the full $26bn that President Ronald Reagan wants for the programme by 1989. Congress is also expected to reduce the $4.9bn that the Administration is likely to ask for the programme, officially known as the strategic defence initiative, next year.

Gen Abrahamson insisted that the programme was nevertheless moving very quickly towards its goal of developing an effective anti-missile defence. A substantial amount of work has to be done and we're not going to have this system tomorrow, but I'm confident the job can be done," he said.

The original concept of space-based laser weapons had been down?graded in priority, though not abandoned, following unexpected advances in ground-based systems using a relatively new type of beam known as free elecrton lasers, he said. The development of such ground-based lasers, firing at relay mirrors orbiting in space, now appeared more feasible, he said.

Mr Kenneth Adelman, director of the US Arms Control and Disarmament Agency, told another news conference that the Soviet Union was still insisting that the US abandon all star wars research and making no distinction between ground-based and space-based systems. The Soviet strategic defence effort is predominantly ground-based and Moscow has hitherto appeared to have been most concerned about US space-based weapons and their offensive potential.

Mr Adelman added, however that he thought Moscow would drop its insistence that the star wars programme be halted as a pre-condition for any agreement limiting offensive strategic weapons. He pointed to the wording of last week's joint statement at the end of the Geneva summit in which both countries called for "early progress, particularly in areas where there is common ground" on arms control.

"Common ground" was defined as including the principle of 50 per cent cuts in offensive weapons and the idea of an interim agreement on intermediate range missiles (INF), but not defensive systems, Mr Adelman pointed out. It was clear from "the sense behind the language" that there could be progress on offensive weapons without US concessions on star wars, he said.

US trade deficit falls to $11.45bn

By Our US Editor

THE US trade deficit dropped to $11.45bn (£7.77bn) last month, down sharply from the record $15.55bn reached in September, the Commerce Department reported yesterday. For the year as a whole, however, the deficit still looked likely to reach a record figure approaching $150bn.

Some private analysts yesterday saw the latest figures as evidence of a stabilising in the deficit, which the Administration has predicted for this autumn. Mr Malcolm Baldrige, the Commerce Secretary, nevertheless called for greater efforts to put the deficit on a declining path.

Mr Baldrige said that Congress should adopt a plan to reduce federal budget deficits and bring the dollar down further. Businesses "must modernise their facilities to compete in international markets," he added.

Economists yesterday said it was still too early to expect the recent decline in the dollar to show up in the monthly trade figures. The fall in the deficit in October was helped by a 30.4 per cent drop in car imports, which contributed to a 13.4 per cent decline in overall imports.

Exports, however, continued to stagnate, falling 2.1 per cent to $17.4bn in October, the lowest monthly level since February 1984. Imports totalled $28.8bn, down from September's record $33.3bn.

Argentine manufacturing upturn

BY JIMMY BURNS IN BUENOS AIRES

THE NUMBER of Argentine workers laid off in manufacturing industry as a result of the Government's tough austerity package introduced in June has declined significantly and a modest industrial recovery could be under way according to a report released this week by the reliable independent economic think-tank Fiel.

The report, based on the performance of 300 manufacturing companies responsible for 80 per cent of domestic industrial production, should provide President Raul Alfonsin with useful ammunition prior to next week's planned mini-summit with Mr Saul Ubaldini, the recently-elected president of the main trade union organisation, the General Confederation of Labour (CGT).

Preparatory talks between Mr Juan Sourrouille, the Economy Minister, and labour leaders on Tuesday ended in apparent deadlock with the Government refusing to lift the wages freeze. The CGT claimed that real salaries since June have fallen by 22 per cent.

According to Fiel, only 1.3 per cent of the labour force in the companies surveyed was laid off in October. This compares with 8 per cent in September and 10.1 per cent in August when the problems of manufacturers—already critical because of inflation—were further compounded by credit curbs and cutbacks in government spending.

There are continuing signs that some companies may still be liquidating existing stocks rather than stepping up production in response to increased demand. Nevertheless, Fiel generally appears to support the view of government economists who earlier forecast that in the last quarter of 1985 restocking would generate a limited recovery, opening up the prospect of a more pronounced reactivation next year. Only 3 per cent of the companies interviewed believed the situation would get worse over the next few months.

Falklands invasion a 'glorious gesture'

BY OUR BUENOS AIRES CORRESPONDENT

THE TRIAL of 16 Argentine officers accused of negligence in the planning and conduct of the Falklands conflict has entered its final phase with a military court martial board adjourning to analyse evidence.

On Tuesday evening former President General Leopoldo Galtieri, speaking in his own defence, described the invasion of the Falkland Islands on April 2 1982, as a "glorious gesture" which would be vindicated by history.

The court martial proceedings were initially declared a military secret when they began two weeks ago. But extracts of Gen Galtieri's speech, along with those of 14 other officers, were leaked by defence lawyers to the local press. The move was interpreted by some observers as a deliberate attempt by sectors of the armed forces to embarrass Mr Dante Caputo, the civilian Foreign Minister.

Mr Caputo, speaking in New York during the United Nations General Assembly debate on the Falklands, spoke on Tuesday of a "non-existent Argentine military threat" in support of his country's claims to the islands.

"I have placed my conduct during the glorious days of 1982 under the most severe analysis I know: my conscience," declared Gen Galtieri, "and this has led me to the inexorable conclusion that what was done was done well."

The general argument of the defence significantly follows the broad outlines of Mr Caputo's speech in laying the onus on "massive British aggression."

Nvertheless the court martial is expected to find Gen Galtieri and the two other members of the junta guilty of military misconduct for having ordered the invasion without the necessary preparation.

Costa Rica to hold debtors' conference

By Peter Montagnon, Euromarkets Correspondent

COSTA RICA has called a conference of smaller Latin American debtors for next month in San Jose to discuss what it claims are unfair terms meted out to them in rescheduling arrangements.

"Smaller debtors end up facing harsher terms, shorter grace periods (before amortisation begins), higher spreads, and higher commissions. It's been more difficult for us to get fresh money," Mr Ennio Rodriguez Cespedes, Debt Minister, said in London yesterday.

The ministerial level meeting which would assemble Central American debtors alongside representatives from Jamaica, Dominican Republic, Ecuador, Uruguay, Bolivia and Panama did not signify the formation of a cartel, but "we do want to make the point that the harsh terms imposed on smaller debtors have no financial justification," he said. Collectively the group owes more than $20bn (£13.6bn).

Also attending will be senior representatives of a number of international organisations including the International Monetary Fund, Inter-American Development Bank and World Bank.

The meeting follows concern among a number of smaller debtors over the lack of urgency with which their debt problems have been handled by creditor banks. It carries an implicit criticism of the three investment banks —S. G. Warburg, Lazard Freres and Kuhn Loeb Lehman Brothers — which have been advising Costa Rica

● Venezuela has reached agreement with its main bank creditors on the legal contract for its $21.2bn public sector debt rescheduling. The document contains a clause allowing Venezuela to propose amendments in the event of a sudden change in its economic circumstances, which is regarded as a compromise solution to Venezuela's request for a full contingency clause.

The documents will shortly be sent to all creditor banks and a further cut of ½ per cent has been agreed on the temporary freeze on debt repayments pending signing of the formal agreement.

Hugh O'Shaughnessy on a new way of cutting costs

Peruvian leader launches anti-armaments crusade

PERU'S peace offensive, perhaps the most ambitious scheme by a Third World country to beat its swords into ploughshares, is getting under way fast.

Since the 36-year-old President Alan Garcia came to power in Peru at mid-year and announced he was keen on a regional pact which would cut spending on arms throughout South America, the Peruvian diplomatic machine, headed by Mr Allan Wagner, his 43-year-old Foreign Minister, has been in top gear.

When the Garcia administration took over from the palsied regime of President Fernando Belaunde in July it was clear that Peru could neither pay for the arms it had already acquired nor maintain its recurrent military budget.

> 'When the Garcia administration took over it was clear that Peru could neither pay for the arms it had already acquired nor maintain its recurrent military budget.'

The decision was immediately taken to cut the number of French Mirage 2000 fighters Peru would take from Dassault from 26 to 12 and to try to find a buyer for the remainder, thus slashing many hundreds of millions of dollars from the acquisitions bill.

It was also decided to continue paying off the $1bn debt to the Soviet Union for arms—from T-54 tanks to Mi-8 helicopters—which had been supplied to previous Peruvian military governments, by obliging Moscow to take Peruvian commodities rather than money. But that still left a defence budget of $1.33bn which Peru, in deep economic crisis, could ill afford.

At the same time President Garcia decided to transform a domestic economic imperative into an international crusade. Pointing at the upward spiral of Third World expenditure on arms, he said in a speech prepared for the 40th anniversary of the UN: "I am sure that more human being have died because money used on arms was not spent on them than the total of all those killed in all the wars which have taken place in our times.

Mr Garcia . . . moral campaign

"Every bullet, 99 per cent of which are used in firing practice, represents a meal which could have been given to a child to protect him from death."

Mr Wagner has been charged with putting the president's strategy into practice, and he has not done badly so far.

Enormously tall, bespectacled and an accomplished wordsmith, Mr Wagner was the star pupil of the diplomatic academy in 1967. After joining the foreign service the following year, he rose through the grades as fast as the regulations permitted.

His apopintment as Foreign Minister has proved to be a a considerable boost to the morale of his professional colleagues. During the Belaunde period, Peru's formidable corps of diplomats felt slighted by a President who reproached them for being too identified with the previous reformist military governments and their non-aligned international strategies.

At the end of last month Mr Wagner made the first trip by a Peruvian Foreign Minister to Ecuador, whose relations with Peru have been clouded for over a century by a border dispute dating back to colonial times.

A brief and inconsequential war was fought between the two countries in 1941 and shots were fired across the border again in 1981. Mr Wagner's trip to Quito, if it did not put an end to the dispute, certainly laid the basis for talks about a mutual reduction of armaments.

> 'Every bullet, 99 per cent of which are used in firing practice, represents a meal which could have been given to a child, to protect him from death.'

This month Mr Wagner undertook the more delicate task of talking to Peru's southern neighbour Chile on arms reductions. Chile seized Peruvian territory in the 1879 War of the Pacific, a situation which still rankles in many Peruvian breasts.

In a low-key meeting with his Chilean counterpart Mr Jaime del Valle, Mr Wagner prised from the Chileans an undertaking to work for better relations and a reduction of armaments.

The Pinochet regime, anxious to modfy its status as something of an international diplomatic pariah, is clearly willing to cut its arms budget in exchange for some kind words from a democracy like Peru, especially now that Chile's relations with its powerful Western neighbour Argentina are better.

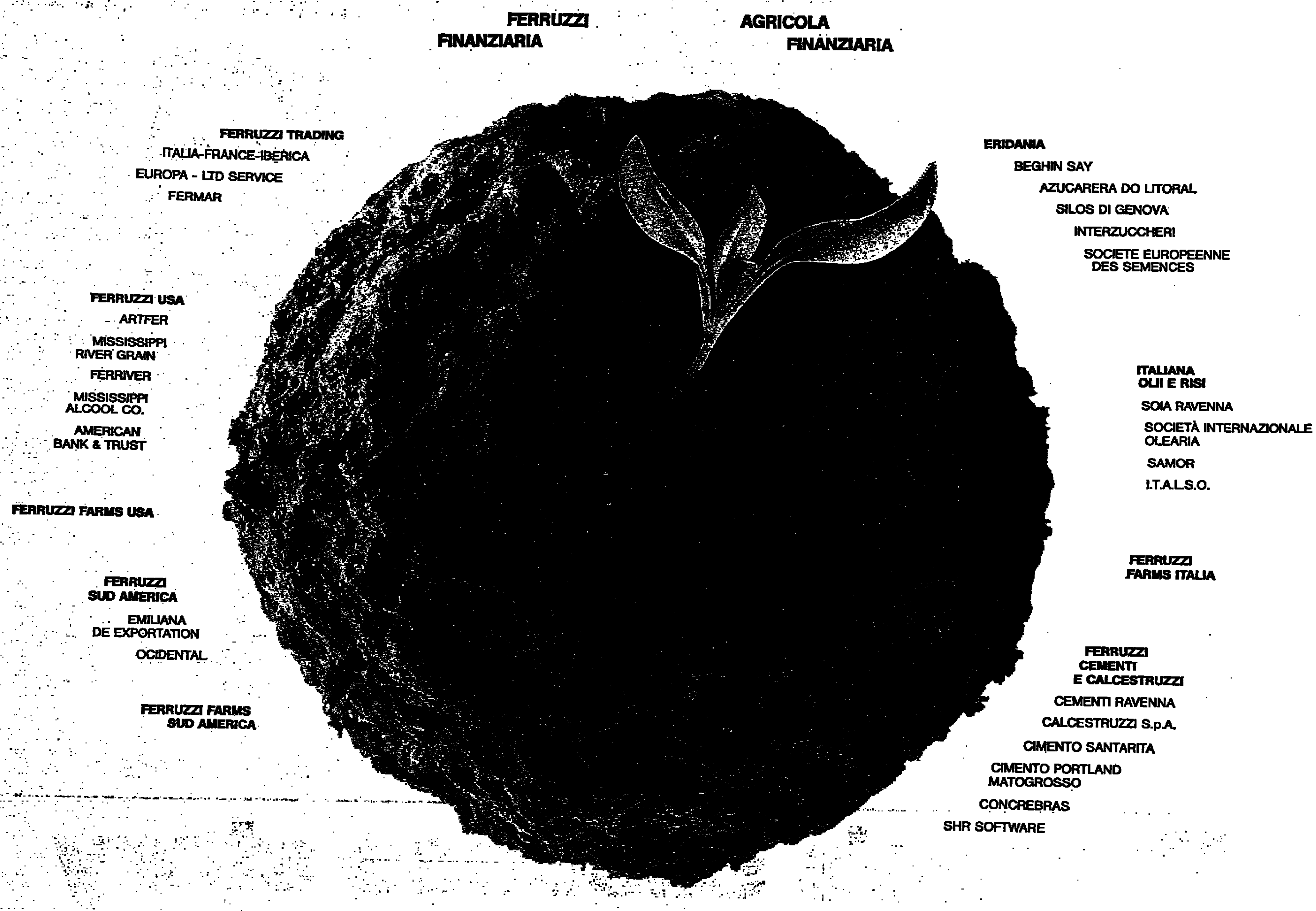
Chile and Argentina this year signed a definitive agreement on their dispute over the Beagle Channel and consequently the Chilean regime's defence needs are less than they were.

SOUTH AMERICAN DEFENCE EXPENDITURE

($ per capita)

Argentina	431
Brazil	10
Chile	141
Colombia	17
Ecuador	23
Peru	75
Venezuela	58

Source: International Institute for Strategic Studies



Gruppo Ferruzzi: planet earth

Agriculture as business, land as industry

Ferruzzi Group. Europe's leading agro-industrial group of companies. A major industrial and financial force. Solid yet diversified, the group's activities range from sugar production (where it is a world leader) to grain, soya, farm products, concrete and cement. It farms almost every known crop, as diverse as coffee, oranges and latex, across 2,500 million acres in every climatic and agricultural environment throughout the world.
Born of the land, the planet Ferruzzi has grown and developed on the land; ever since its beginnings in Ravenna, Italy, forty years ago, when the Ferruzzis were still a family of farmers.
At that point, farming methods which had not changed for centuries suddenly began to develop. Agriculture began to learn from industry. The Ferruzzis, with their keen understanding of the land's potential, were quick to move with the times.
Sensing the need for change, they became first businessmen, and then industrialists. They applied the latest techniques to agriculture. They exploited biology and genetics to turn food farming into a modern business. They turned the group into a leading producer of such raw materials as cereals, soya, yeast, corn and sugar throughout Italy, Europe and the world.
The planet Ferruzzi has gone on to generate new businesses in manufacturing and banking. Annual turnover has risen to 10,000 billion Lire. Over the past three years the group's investment has touched the 1,000 billion Lire mark. Four companies in the group have been quoted on the Italian Stock Exchange for many years: Agricola Finanziaria, Silos di Genova, Eridania and Beghin Say. Agricola Finanziaria, the group's holding company, is entrusted with responsibility for seizing new investment opportunities. The group stays on the move.
With the foundation of American-based Missalco to produce ethanol as a fuel, the group has embarked on the new, challenging adventure of producing a clean, alternative source of energy from the earth.
Thus the planet Ferruzzi gives birth to new satellites, while at the same time remaining unswervingly, doggedly faithful to its place of birth and capital city, Ravenna.
Just what you would expect from a good farming family.

WORLD TRADE NEWS

French fear more liberal MFA may reduce jobs

By David Housego in Paris

THE FRENCH textile industry is worried that more liberal import quotas into the EEC for cotton yarn and undyed cotton cloth could result in the loss of thousands of jobs in France.

The European Commission is proposing a further easing of the quotas in position papers it has drawn up as the first stage towards defining the European position before the forthcoming negotiations on a renewal of the Multi Fibre Arrangement (MFA).

The proposals represent a compromise on initial suggestions put forward by Mr Willy de Clerq, the EEC External Trade Commissioner, that basic cotton goods should be removed from the list of sensitive products in a new MFA agreement.

France is by far the largest European producer of cotton yarn and grey cloth, with some 50,000 people employed in the industry. Mr Jean Francois Virlet, the president of the French Cotton Industry Federation, says that over half these jobs would be lost if import quotas are relaxed.

A new MFA is due to be negotiated by next summer. The French industry fears that its cause could be jeopardised by electioneering in France in the spring when talks will be at their most crucial stage.

The MFA, which came into force in 1982, provides for a minimal 0.17 increase in imports of cotton yarn and undyed cloth—reflecting the then crisis conditions in the textile industry. The French cotton cloth producers would like a further four to five years of tight restraint to enable them to further modernise.

Britain and West Germany, which favour a more liberal MFA, have both phased out the bulk of their basic cotton goods production.

French textile producers concede that the cotton industry, concentrated in the two areas of the Vosges in eastern France and the North, has not been sufficiently modernised.

French production of cotton yarn and basic cloth is about 200,000 tonnes a year. But the market is stagnant and imports of other yarns and fabrics are tending to displace cotton.

One of the cotton industry's major fears is that the US will take a tough stand in the MFA talks—thus pushing those who export to the US towards Europe.

Jaguar races in as a star UK exporter

BY FRANK GRAY

A WIDE range of non-energy-based UK companies enjoyed a substantial improvement in their export sales in 1984 compared with 1983. The performance of these companies, whose products varied from computer hardware and cars to aerospace equipment, engines and earth-moving equipment, added to the continued growth in the exports of oil and chemical products experienced by Britain's major corporations, according to the Financial Times annual table of top exporting companies.

The figures also showed that sales abroad in the tobacco and bullion sectors underwent considerable growth.

Nevertheless, there were also downturns in export sales for some mainstream UK companies, some of which represented oil, automotive and shipbuilding interests.

Among the major non-oil groups to boost turnover were IBM, whose overseas turnover rose to £1.17bn last year against £745m the previous year, a rise of 57.5 per cent.

While IBM's results placed it seventh on the overall list, it was followed close behind by Jaguar Cars, which, as a result of being hived off from British Leyland, emerged from nowhere to the 13th position, largely on the stretngth of U.S. sales, its foreign turnover rose by 40 per cent and stood at £525.3m at year end compared with £375.1m at the end of 1983. BL, its former parent, also performed strongly with export sales of £827m, placing it in tenth position against sixth the year before, when foreign sales were an even healthier £917m. Were the two results to be combined, the former single company would have enjoyed stronger results than Ford UK, the major competitor, whose export sales over the period rose by 17 per cent to £980m as against £834m. Ford's position, however, slipped to eighth position from seventh.

A significant improvement was reported by BAT Industries, the tobacco and financial services multilational, which recorded receipts from abroad of £407m compared with £319m, up 27.6 per cent. BAT's position remained at 18 on the top 100 scale.

Bullion dealers Johnson Matthey climbed to 21st from 30th position on the strength of receipts of £354m compared with £319m.

Other non-oil groups showing substantial improvements were Vickers (£213m in 1984 against £174.7m in 1983, up 26.7 per cent), Case International (£163.5m against £82.8m, up 97.5 per cent), and Cummins Engines (£161.2m against £67.6m, up 59.9 per cent).

Among smaller groups on the top 100 list with improved export turnover were Short Brothers (£115m against £84.1m, up 59.9 per cent) and Marks & Spencer (£83m against £67.9m, up 23.7 per cent).

It was the oil and chemical groups themselves that maintained their export dominance and, as a result, took the top four places on the 1984 list. BP remained in the top position with exports worth £5.25bn, compared with £4.14bn, up 26.9 per cent. It was followed by Esso UK with export sales of £3.21bn, against 1983 figures of £2.37bn. ICI, with an export turnover of £2.83bn against £2.67bn, up 30.7 per cent, continued in third position. Shell UK figures were 21.1 per cent up to £2.59bn, compared with £2.13bn, but the company's ranking slipped to fourth position from number two, given the stronger performance of its competitors.

Britain's top industrial company was British Aerospace, with 1984 exports worth £1.56bn, compared with £1.41bn the year before, placing it in fifth position.

Those companies suffering the largest percentage decreases were led by British Shipbuilders, with export turnover down to £232.7m for 1984 from £318.2m the year before, a fall of 26.9 per cent, NCB, crippled by the miners' strike, (£224m, against £273m, 17.9 per cent), Mobil (£207m against £263m, 21.3 per cent), NEI (£154m against £253m, 39.1 per cent) and troubled Westland Helicopters (£116.9m against £146.7m, 20.3 per cent).

This year's list of top 100 exporters is generally based on the 1984 fiscal year, but in some cases represents the 1984 calendar year.

THE TOP 100 EXPORTERS 1984

(Previous year's ranking in brackets)

Ranking 84	83		Exports 1984 (£m)	% of UK t/o	Exports 1983 (£m)	% of UK t/o	change % 83/84
1	1	BP	5,257	27.8	4,142	25.8	26.9
2	(—)	Esso UK	3,216.3	60.0	2,373.2	66.1	35.5
3	3	ICI**	2,835	47.6	2,169	43.2	30.7
4	2	Shell UK	2,591	32.0	2,139	33.0	21.1
5	4	British Aerospace*	1,564	63.4	1,416.9	60.8	10.4
6	5	GEC	1,209	35.9	1,142	37.0	5.9
7	9	IBM	1,175	50.0	745	44.4	57.7
8	7	Ford	980	26.7	834	23.8	17.5
9	8	British Steel*	887	23.7	796	23.7	11.4
10	6	BL	827	41.6	917	26.8	−9.8
11	14	Conoco	823	42.0	412	34.2	99.8
12	10	Texaco*	686	20.5	528	21.1	29.9
13	(—)	Jaguar Cars	525.3	82.8	375.1	79.4	40.0
14	11	Rolls Royce	519	36.8	513	38.5	1.2
15	12	Distillers*	473	37.1	454.4	40.3	4.1
16	16	Massey Ferguson	450.6	72.3	373.3	70.0	20.7
17	13	Courtaulds***	442	32.2	433	32.1	2.1
18	18	BAT Industries	407	17.3	319	14.7	27.6
19	15	Unilever	400	11.1	411	12.0	−2.7
20	21	STC†	365	18.6	273.2	29.7	33.6
21	30	Johnson Matthey	354	54.2	221	50.1	60.2
22	17	Hawker Siddeley*	336	21.0	324	22.1	3.7
23	20	Rothmans International*	324	21.4	279.8	18.6	15.8
24	26	Racal*	310	28.0	252.8	31.0	22.6
25	28	Lucas	278	31.5	238	30.9	16.8
26	31	Monsanto	264	66.2	215.9	58.2	22.3
27	27	Glaxo	261.8	57.3	240	58.2	9.1
28	23	Rank Xerox	250	14.7	257.8	16.0	−3.0
29	34	Philips††	239.6	22.9	189.5	19.6	26.4
30	19	British Shipbuilders	232.7	26.2	318.2	29.1	−26.9
31	24	BICC	231	22.2	254.3	26.1	−9.2
32	(—)	NCB	224	4.8	273	5.5	−17.9
33	40	Inco Europe	219.1	63.0	166.9	65.0	31.3
34	41	Petrofina UK	217.5	17.9	162.9	20.8	33.5
35	29	Dowty	217.3	54.0	221.6	52.7	−1.9
36	32	Kodak	216.9	50.8	207.8	47.0	4.4
37	38	Vickers†††	213	47.6	174.7	26.7	26.7
38	37	GKN	212	20.2	176	17.5	20.5
39	36	Ciba-Geigy*	207	36.5	182.9	35.7	13.2
39	22	Mobil	207	11.6	263	21.3	−21.3
41	33	Thorn EMI	203.3	11.8	202.4	7.5	0.4
41	44	Esso Chemicals	203.3	46.6	154.5	39.5	31.6
43	35	Davy	201	31.4	183	25.8	9.8
44	42	John Brown	176.8	50.2	160.7	25.0	10.0
45	(—)	Royal Ordnance Factories	176.2	36.6	191.9	42.8	−8.2
46	43	Pearson†††	176	11.4	158	21.6	11.4
47	48	English China Clays	165.2	27.3	137.7	28.1	20.0
48	77	Case International@	163.5	66.9	82.8	72.0	97.5
49	39	Plessey@@	163.3	16.7	170.5	15.9	−4.2
50	64	Cummins Engine	161.2	71.5	100.8	67.6	59.9
51	45	Babcock International††	160.7	57.9	151.9	50.9	5.8
52	53	Beecham Group††	154.9	21.2	137.7	20.4	12.5
53	25	NEI	154	24.0	253	29.0	−39.1
54	52	Wellcome Foundation†††	143	59.0	127.6	18.9	12.1
55	57	London & Scott Marine Oil	142.3	68.9	117.7	54.6	20.9
56	50	BTR	142.2	9.9	133	9.0	6.9
57	55	De La Rue*	141.9	52.2	123.4	54.6	15.0
58	65	Caterpillar Tractor	137.2	88.4	98	85.8	40.0
59	54	Reed International	135	8.9	124	6.1	8.9
60	58	TI Group	134.6	24.6	117.5	12.8	14.6
61	68	British Alcan*	134	21.5	95.9	17.5	39.7
62	49	Grand Met	132.5	4.4	133.4	3.0	−0.7
63	56	Assoc. Octel	132.3	75.0	121.0	75.0	9.3
64	61	Seagram Distillers	131.8	44.1	105	46.9	25.5
65	46	Westland	116.9	66.6	146.7	45.0	−20.3
66	62	Rio Tinto Zinc*	116.1	2.0	103.2	2.1	12.5
67	60	Albright & Wilson	115.2	38.5	109.9	32.9	4.8
68	67	IMI	115	23.0	96	14.2	19.8
68	76	Short Brothers	115	71.9	84.1	64.0	59.9
70	63	Ferranti	112	36.7	103	27.7	8.7
71	47	Talbot	111.6	22.2	140.4	25.1	−20.5
72	80	Pilkington	106.3	22.5	75.3	20.4	41.2
73	59	Michelin Tyre	101.2	22.4	112.7	23.7	−10.2
74	74	May & Baker	101	36.2	86	27.1	17.4
75	82	J. C. Bamford*	96.1	62.5	74.2	57.9	29.5
76	69	Simon Engineering	92	45.5	95	25.3	−3.2
77	78	AE	91.7	47.3	79.3	21.5	15.6
78	66	Metal Box	89.3	15.4	97.9	7.1	−8.8
79	71	Lilly Industries*	89.1	58.5	92.1	59.9	−3.3
80	89	Coats Patons*	87.6	8.2	68.6	7.7	27.7
81	75	Cadbury Schweppes*	87.4	4.3	84.9	5.0	2.9
82	91	Marks & Spencer	84	3.2	67.9	2.7	23.7
83	86	Du Pont	83.2	27.6	73	29.3	14.0
84	79	Smith Industries†††	82	59.0	77.5	20.4	5.8
85	87	Ingersoll Rand*	79.6	60.9	72.5	82.8	9.8
86	84	Portals	78.3	55.1	74	41.3	5.8
87	72	Turner & Newall††	77	29	66	27	16.7
88	96	Delta	75.2	17.9	60.7	11.8	23.9
89	88	Allied Lyons	74.1	3.6	69	2.6	7.4
90	(—)	The 600 Group***	72	45.0	56	46.7	28.6
91	92	Rowntrees	71.1	15.1	66.9	15.1	6.3
92	93	Polaroid	68.4	68.6	66	71.7	3.6
93	94	Lonrho	65	4.7	63.9	4.7	4.7
94	95	Burroughs†††	64.5	38.4	63	29.3	1.7
95	100	Fisons*	64.5	11.7	57	15.6	13.2
96	80	Molins	63.8	93.0	75.3	88.7	−15.3
97	85	Burmah Oil Trading****	61.6	3.6	73.5	4.7	−16.2
98	(—)	Borg-Wagner	61.1	52.5	56.6	52.5	7.9
99	99	DRG	58	15.0	58	16.6	0.0
100	83	Bedford Trucks	57.3	17.1	74.1	21.8	−22.7

Research by: Jan Schilling, Editorial Research

NOTES: * Group turnover. ** Figures changed from exports f.o.b. value to the invoice value exports. † STC—1984 figures include combined figures with ICL. 1983 ICL and STC would be £386.7m. †† 1983 figures restated by the company. ††† 1984 UK turnover. 1983 group turnover. @ Case International formerly Case Tractors. 1984 figures include International Harvester which was taken over during year. @@ Includes exports to overseas subsidiaries. *** y/e 31.3.85 & 84. **** t/o net duties.

Sony says Europe can compete in electronics

BY CHRISTIAN TYLER, TRADE EDITOR

EUROPE has the technical resources to compete with Japan in future generations of electronic goods, according to Mr Akio Morita, chairman of Sony, the Japanese electricals giant.

In some areas, such as integrated circuits, word processors and "home automation" Europeans could even find themselves leading producers.

But if European companies are to exploit their technical capacity, shareholders must realise the need for investment in marketing as well as in research, engineering and product quality, he said.

Mr Morita was speaking in London yesterday as chairman of the Electronic Industries Association of Japan. He was attending the third annual meeting of Japanese and European consumer electronics companies.

The purpose of the meetings is to set common standards for future products and to discuss what kinds of product will emerge eventually from technologies being developed today.

Answering the common charge that Japan still denies fair access to western exporters Mr Morita admitted: "There are still some complicated processes which are difficult to understand for foreigners.

"But Mr Nakasone (the Japanese premier), the Diet (parliament) and Japanese industry have decided as a basic policy that we should work harder to simplify, and get rid of those obstacles."

The Sony chairman, a co-founder of the company, is a member of a committee that advises Japan's trade "ombudsman" appointed to deal with exporters' complaints.

If westerners encountered a "buy Japanese" attitude in the market it was often because they were poorly represented in Japan and gave potential buyers insufficient information, he said.

For example, US companies like Texas Instruments and Motorola which have set up micro-chip factories in Japan have no such difficulties, he said.

Sony itself, like other well-known Japanese companies, has submitted to government plans for buying more foreign-made components.

The Sony chairman compared the West's difficulties today with Sony's own struggle to establish itself overseas more than 20 years ago.

"I was almost desperate, trying to compete with British companies," he said. "In those days 'Made in Japan' had such a bad image." Sony's British subsidiary had encountered similar administrative obstacles — difficult credit terms, an import deposit scheme, and competitors' reluctance to license patents.

Tokyo may offer Gandhi special aid deal

BY JOHN ELLIOTT IN NEW DELHI

A SPECIAL package of Japanese financial aid to support construction of gas fired electric power stations costing about $250m (£170m) in the north-eastern Indian state of Assam is being considered during a three-day visit to Japan by Mr Rajiv Gandhi, Indian Prime Minister, which starts today.

This is Mr Gandhi's first visit to Japan and neither he, nor Mr Yashiro Nakasone, the Japanese Prime Minister, want to make it a primarily trade-oriented event.

But India is anxious to obtain extra aid in addition to Japan's annual quota of $160m (Y39.2bn) for 1985-86 signed in New Delhi earlier this week. Japan may respond with the Assam power stations offer, having rejected an Indian request for an extra $700m aid when Mr Nakasone visited New Delhi 19 months ago.

A science and technology agreement will also be signed this week to cover co-operation in fields to be identified by a joint committee of scientists and civil servants.

A 36-man mission of Indian industrialists is also in Tokyo for talks on joint ventures which may include projects to modernise India's textiles industry, railway and steelworks.

The visit is important because after years of limited trade based on India selling iron ore and shrimps and Japan selling steel and machinery, the two countries have developed a large number of joint industrial ventures.

This started in 1982 when the Indian government - owned Marutt Udyog company linked with Suzuki to produce 800 cc cars. Virtually every other Japanese automotive manufacturer now has link-ups to produce two wheelers and commercial vehicles and several want to produce more cars.

As a result Japan has the fourth largest number of new technical and financial collaborations in India. These totalled 214 in the four years 1981-84 compared with 478 from the US, 430 from West Germany and 430 from the UK.

Japan is also doing increasing business in India within two-way annual trade of $2.5bn which is marginally in Japan's favour by about $30m. It is playing a major role in constructing a cross-country gas pipeline, and the new aid package signed this week will help fund the purchase of pipes for that project as well as financing a large fertiliser plant, two hydro electric plans, and telecommunications contracts.

But there are clashes of culture and attitudes which could cause problems. India is determined that production of vehicles and other items should be indiginised within five years and that this should take precedence over consumers' demand.

Politically, Japanese businessmen are also concerned that India's socialist traditions may suddenly lead to policies alien to the private sector, in spite of the industrial liberalisation policies being introduced by Mr Gandhi. India's close relationship with the USSR and its differences with the US also caused concern.

Mr Gandhi will no doubt try to persuade his hosts during two days he is spending in Tokyo and one day in Osaka that, as a proud non-aligned developing country, India intends to maintain relationship with both super powers and expects more advanced countries like Japan to co-operate in its industrial development instead of regarding it merely as a home for exports.

Tunisia to launch $22m oil products storage depot

BY FRANCIS GHILES

THE FIRST "tank farm" to be built in the Mediterranean will start operating next month in the southern Tunisian port of La Skhira.

The $22m (£15m) bonded oil-products storage and transit depot was built by Granges Graver International of Belgium, the Paktank Mediterranee, a joint venture between the Paktank International of the Netherlands, which has a 47 per cent stake and a number of Arab investors.

These include the Arab Petroleum Investment Corporation (Apicorp) which holds a 20 per cent stake, the Banque Tuniso-Koweitienne de Developpement (20 per cent), the Stusid, Tunisian-Saudi bank, and Etap, the Tunisian state oil company.

La Skhira has for two decades acted as the terminal for two major pipelines bringing oil from the Algerian and Tunisian oil fields for export. It was chosen by Paktank both because of reliable weather conditions and because of Tunisia's political stability.

The 1.9m barrel capacity of the tank farm, which is expected to attract about 50 ships a month will be used for the storage and blending of products such as naphtha, methanol and ethanol coming by ships

'Realignment' warning to motor industry

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MORE RATIONALISATION and realignment among Western Europe's car and commercial-vehicle assembly groups can be expected before long. That will put renewed pressure on the UK motor industry, the Department of Trade and Industry suggested yesterday in a paper presented to the House of Commons Trade and Industry select committee.

Giving evidence to the committee, Mr Michael Cochlin, head of the department's vehicles division, said that in the past five or six years, about 250,000 to 300,000 jobs had been lost in the components sector as a result of the decline in vehicle output in the UK.

He disclosed that component companies had attracted £70m to £80m of Industry Act support during the past three or four years; and that since 1983, some £30m had been provided to component groups via the department's "Support for Innovation" aid scheme.

The department's submission suggested that as the further reorganisation of the European motor industry took place, price competitiveness would remain a critical factor for the component sector.

Design, innovativeness and quality of the product would also be key elements in determining who won the business.

"Companies will need to invest sufficiently in research and development, capital equipment, products and people in order to be successful in an ever more competitive market," the department added.

Mr Kenneth Warren, the committee chairman, announced that the inquiry into the motor components industry would be suspended while the committee made an urgent study of the crisis in the tin market. The components inquiry is expected to resume in January.

MPs demand action on Japanese trade

BY KEVIN BROWN

THE GOVERNMENT came under renewed pressure from both sides of the House of Commons yesterday over the difficulty facing British companies exporting to Japan.

Ministers faced repeated demands for rapid retaliatory action to force Japan to remove barriers to free trade.

Mr Paul Channon, the Trade Minister, urged MPs to await the publication of a report on trade with Japan due to be published by the European Commission and discussed by the Council of Community Foreign Ministers in December.

Mr Channon said it was important that British attempts to deal with the proplem were concerted with other EEC nations. He reminded MPs that the Japanese Government had reduced some tariffs on imports as a result of previous complaints by other manufacturing nations.

In the first of a series of angry questions on the issue, Mr John Townend, (Conservative) said the European Commission's investigation confirmed that the Japanese believed in free trade only for themselves.

Mr Townend said it was time the Government stopped playing around and told the Japanese to remove discrimination against British products such as Scotch whisky and insurance.

"It is no good politely talking to the Japanese. The only thing they appreciate is action," he said.

Mr Sydney Chapman (Conservative) said that in view of the worsening visible trade deficit with Japan it was high time the Government convened an urgent conference of all countries in a similar position to plan specific retaliatory action.

Dominic Lawson explains how the oil lobby failed to influence privatisation plans

Gas holds key position in energy stakes

THE OIL industry appears to have had remarkably little success in using its famed lobbying skills to persuade the Government to agree to any of its proposals for a privatised British gas industry.

To make matters worse, the Government has announced that the privatised British Gas would be given back the right to explore for oil. A company to which the oil industry would have to sell its gas would, therefore, also become a big rival in the search for hydrocarbons.

A number of oil companies made representations to ministers at the Department of Energy after these decisions were taken in a fruitless attempt to get the Government to change its mind, particularly with regard to British Gas's part as an oil explorer.

Aside from being a misjudgment of the parliamentary process, it should have been obvious to these lobbyists that to prevent the privatised British Gas from engaging in a highly topical and competitive business would run counter to the whole spirit of the privatisation programme.

Even when these points were conceded, the oil majors failed to present a united front in their campaign to influence the thinking of ministers and backbench MPs.

The UK Offshore Operators Association is a body designed to represent the views of the large North Sea oil companies to Government. If the oil industry wants a change in the taxation rules, as it always does, it is through the association that the approaches are channelled.

According to Mr George Band, the association's director general, "Our members have such diverse opinions on the matter of British gas privatisation that anything we could all have agreed on would have been so anodyne that it wouldn't have been worth expressing." The association, therefore, gave up the attempt to present a united front to Government.

The problem is that the major oil companies were too much concerned with their individual competitive position to sink their differences. Esso wanted the privatised British Gas to have full freedom to import without interference from Government.

Esso owns 40 per cent of the Norwegian Sleipner gasfield which British Gas wanted to buy but which the Government has vetoed. But Shell UK's chairman Mr Bob Reid has publicly called on the Government to prevent a privatised British Gas from negotiating a large import deal. He fears that the corporation would use this as a lever to force down the price of UK North Sea gas supplies.

The most often stated fear of small exploration groups is that British Gas, with a restored licence to hunt for oil and gas allied to an enormous cash flow, will buy them all up at a time when their share prices are depressed.

At a meeting last month, between small companies and ministers at the Department of Energy, the politicians attempted to give an assurance on this point by saying that they would use their discretionary powers to the full to prevent a reduction of Britain's independent oil sector by British Gas.

Whether those assurances amount to much remains to be seen. Future energy ministers would be under no obligation to honour such an informal understanding made by predecessors.

It is doubly galling to the quoted oil companies that British Gas will be given a golden share, as was Britoil, which will safeguard it from takeover while the smaller brethren will have no such statutory protection. "This system is a charade and is neither in the interests of management nor the investor," says Mr Tony Craven Walker, chief executive of Charterhouse Petroleum.

The overriding concern of the oil industry is to have a free and competitive market for their gas. In the past, British Gas monopoly powers have blocked that. But the industry has had the feeling that if British Gas as a state corporation was too ruthless in exploiting its position then they could appeal to the shareholder, the Government.

Now the oil industry is afraid that a British Gas free of state control would act in the way they themselves would, given the same privileges – to use its virtual monopoly position in the UK gas market to drive the hardest possible bargain with suppliers.

The re-emergence of British Gas as an active explorer on the UK continental shelf compounds the problem from the oil industry's point of view. They fear that British Gas will say to them: "We would like very much to buy a stake in your North Sea licence block. If you do not let us in, we would not look very favourably at your proposal to sell us gas from one of your undeveloped fields."

British Gas could well reply that that is the kind of negotiating tactic favoured by a multinational oil company.

The oil industry believes that the only way a free market in North Sea gas can be created is by a lifting of the government requirement that all North Sea gas is landed in the UK. This has ruled out exports.

The companies argue that a lifting of the landing requirement would at least ensure that British Gas would have to match gas prices on the European *continent* to prevent the gas being sold to European utilities.

Although the export argument has its backers in the Treasury and on the Conservative backbenches, it is *strongly* opposed by Mr Peter Walker, Energy Secretary, who is likely to get his way on this issue. He doubtless recalls vividly the occasion in 1973 when he was Industry Minister. In the face of the Arab oil boycott, he called in the chairmen of BP and Shell and asked them to ensure that the UK was supplied with oil, come what may. The chairmen refused, saying that they could not show preference to any one country.

Mr Walker proposes to strengthen the 1982 Oil and Gas Enterprise Act which, for the first time, permitted companies other than British Gas to supply gas direct to the industrial consumer, by using British Gas's pipeline network if necessary.

So far this liberalisation measure has failed dismally, in large part because oil companies selling from one field cannot match the fluctuating demands of a big industrial customer. So the Energy Department now proposes that British Gas should be required to top up the gas supplied by an oil company, if there is a shortfall from the company's field, and take gas from the field itself, if the supply is too great for the oil company's customer.

The oil industry regards these liberalisation measures as irrelevant window-dressing designed chiefly to appease the Conservative backbenchers and the Treasury. Companies have three main objections:

- They may have to pay British Gas the average cost of sending gas through its network. But British Gas, in competing for the same industrial customer, will charge itself only the much smaller marginal cost of using the network.
- British Gas will for many more years be able to offer a lower price because of its bedrock supply of cheap first-generation North Sea gasfields. The oil companies will be offering only expensive new gas from smaller fields.
- The most profitable part of the gas market is the domestic sector, while the oil industry appears likely to be limited to the much more competitive – although unregulated – industrial sector.

The more wordly wise oil company executives have come to recognise the inescapable political fact that the Government's need to push through the gas privatisation legislation at breakneck speed, to ensure a windfall of sale proceeds before the next general election, effectively rules out any thorough-going attempt to change the way in which the UK gas industry is run.

Energy price-inflation formula criticised

BY MAX WILKINSON, RESOURCES EDITOR

THE IDEA of relating gas prices to the inflation rate was extensively criticised in a series of memoranda published by a Parliamentary committee yesterday.

The 90 pages of memoranda were published by the all-party Energy Committee of the House of Commons as part of its inquiry into the way in which British Gas should be regulated after it is privatised next year.

The document contains submissions from 16 interested bodies ranging from the Department of Energy to a number of individual experts.

One of the most important themes was the need for the new gas industry regulatory body to have the fullest possible information when approving price rises.

The Government is intending to apply a pricing formula of inflation minus X plus Y, where X is a figure intended to reflect increased operating efficiency by British Gas and Y is an allowance for the expected increase in the price of its supplies from the North Sea.

In its evidence to the committee, the National Consumer Council says that a system which relies on setting prices without reference to costs provides an incentive to reduce the quality of service.

In the case of Oftel, the telecommunications industry regulatory body, the Council says there is no provision for British Telecom to either collect information on the quality of service offered or pass it on to the regulators.

This view is echoed by the National Gas Consumers' Council, the statutory body which represents consumers in disputes with British Gas. It suggests that gas prices should be related to profits, and to the contribution of different divisions to dividends.

It says: "The regulatory body should have powers to investigate British Gas costs and accounting methods, as they affect gas users, not least to identify control and cross-subsidisation that would have an adverse effect on customer prices and standards of service."

The Council adds: "It should be able to require British Gas to produce and where necessary publish adequate financial information on the separate components of the business."

In its own submission, the British Gas Corporation argues for as little as possible regulation. It strongly argues for price control rather than control of profits, on the ground that "profit control significantly reduces the incentive to cut costs, because the supplier does not thereby derive any financial benefit".

It says: "A well designed system of price control should ensure that customers and shareholders share the benefits of improved efficiency."

The corporation claims that over a large part of the gas supply market there is already competition with other potential gas suppliers, as well as effective competition between gas and other fuels.

Statutory regulation for City supported

By John Moore, City Correspondent

A WHOLLY statutory system of regulation for London's financial community is the best protection against future parliamentary criticism, Sir John Nott, chairman of Lazard Brothers, the merchant bank, said yesterday.

Sir John, a former Defence Secretary in the Conservative Government, said that *if he was in* the Government or the Bank of England he would "go for" wholly statutory regulation of the City of London, "instead of the half-way house which is apparently being proposed."

A regulatory system proposed by the Government which would allow securities practitioners to supervise their own affairs within a statutory framework "may be the most effective method of controlling markets," said Sir John. Such a system, he warned, "would founder politically in the next bear market."

Parliament would not distinguish between fraud and bankruptcy. "When firms go bust, parliament will cry 'foul.' When firms bearing excessive overheads and taking new risks in the new environment go into liquidation and lose depositors' or small shareholders' money, a wholly statutory system will be irresistible."

Sir John was speaking at the Coopers & Lybrand London Weekend Television symposium on the City. He said that a wholly statutory system of regulation "is the best protection also for the City because the small depositor and the widow are perceived to have the full protection of statute based on the rule of law instead of the perceived protection partly of expert practitioners, who will be truly exposed to parliamentary rhetoric and abuse. I do not like the prospect of City experts being parliamentary scapegoats for failures in the system."

Mr Michael Howard, Minister for Corporate and Consumer Affairs, said he had a high regard for the US system of regulation of the financial community.

"I do not believe that it is the right model for us. It is too legalistic and too bureaucratic. On the other hand, I would agree that pure self-regulation of investment business is no longer adequate."

UK NEWS

Further powers promised to curb City fraud

BY JOHN MOORE, CITY CORRESPONDENT

THE GOVERNMENT intends to grant more powers to fraud investigators in legislation planned for the future regulation of London's financial community as part of an effort to curb theft and deception in the City of London.

Mr Michael Howard, Minister for Corporate and Consumer Affairs at the Department of Trade and Industry, said yesterday that the Financial Services Bill, expected to be introduced to Parliament next month, "will contain further powers to strengthen the hands of the investigators."

He told a conference in London that the Government was committed "to vigorous enforcement of the criminal law, and this includes action in the financial areas where evidence is obtained of theft, fraud and deception."

To maintain high standards in the regulation of the financial services industry, City regulators would need to co-operate with the Fraud Investigation Group at the office of the Director of Public Prosecutions. The group was set up in January this year and uses the services of Department of Trade officials, lawyers, accountants and the Government Insolvency Department, and maintains close contact with the police. It was set up to co-ordinate efforts on serious fraud cases.

The new Financial Services Bill will attempt to deal with insider dealing – share dealing carried out by practitioners in securities markets or company executives who use price-sensitive information about companies to buy and sell shares on their own behalf. Few successful prosecutions have been mounted against individuals for insider dealing.

"Insider dealing is a difficult problem because it is neither easy to prevent nor to prosecute," Mr Howard said. "The standard of evidence needed to prove any criminal charge is very high and, in many cases, we have found that the information is not adequate to secure a conviction."

The new legislation would rely less on criminal offences "although there will be several of them." More emphasis would be placed on civil remedies and disciplinary sanctions "for which a less high standard of proof will be necessary for action to be instituted."

Mr Howard said the new legislation would give the Secretary of State for Trade and Industry a wide range of powers to authorise, regulate and monitor business. He would have provisions to transfer those powers to one or two main boards. No one would be able to carry out investment business in the UK without either satisfying the boards or a recognised self-regulating organisation that they are fit to do so.

The Stock Exchange has issued a detailed timetable to its members of plans leading up to the establishment of the new securities market in October next year. It will next month estimate the number of broker dealers who are likely to need licences to operate on the trading floor of the Exchange.

In February next year construction of the market floor will begin. In its rule-making programme a "compliance manual" will be published in April. In August next year the new electronic system – the Stock Exchange Automated Quotation System – will be installed on the trading pitches. Construction on the trading floor will have been completed at that time. Trials on the new system will take place in September.

Plan to privatise Docklands railway

By Nick Bunker

THE GOVERNMENT has announced plans to involve private interests in the £77m Docklands Light Railway in London, together with the proposed £85m western extension from Tower Hill to Bank, in the City of London.

The plans hinge on an understanding that the western extension will be financed by the consortium of US banks intending to build a £1.5bn world financial centre at Canary Wharf on the Isle of Dogs, in London's Docklands.

An agreement to that effect reached this week between the Government and the US consortium opens the way for the creation of the first large-scale privately-owned passenger rail network to be built in Britain for at least 50 years.

The US consortium comprises companies backed by, or associated with, Credit Suisse-First Boston, Morgan Stanley International and First Boston Real Estate.

They will contribute £30m directly to the western extension of the light railway, Mr Nicholas Ridley, the Transport Secretary, said last night. The consortium has also agreed to secure outside financing for another £55m.

ATTEMPT TO REASSURE UNIONISTS

Ulster not on slippery slope, says King

BY IVOR OWEN


Mr Tom King

MR TOM KING, Northern Ireland Secretary, yesterday sought to allay the fears of the Ulster Unionists by again strongly denying that the Anglo-Irish agreement, which for the first time gives the Government of the Irish Republic a say in the affairs of the province, marked the beginning of some "slippery slope" to a united Ireland.

He emphasised that the inter-government conference established by the agreement in which representatives of the Dublin Government would participate had no decision-making powers. He announced that the Government was prepared to enter into discussions with Ulster MPs to establish machinery which would keep them informed about the matters which were to be discussed by the new body.

Mr King welcomed the undertaking given earlier in the debate by Mr John Hume, leader of Ulster's Social Democratic and Labour Party, that in the light of the agreement he would be prepared to sit down and determine how the affairs of the province could be advanced in a manner acceptable to "both traditions." He told Mr Hume: "I believe there is now a very clear responsibility on you and your colleagues to do all you can to honour that pledge."

Difficulties involved in implementing the pledge were quickly demonstrated in an angry clash between Mr Hume and the Rev Ian Paisley, leader of the Democratic Ulster Unionists.

Mr Paisley insisted that the agreement could never be the basis for discussions between the majority and minority communities.

Unionists would conduct their battle against it by constitutional means, and he denied any intention to lead the province into an illegal declaration of independence.

Mr Paisley, who acknowledged that the Unionists and other opponents of the agreement faced overwhelming defeat at the end of the two-day debate, argued that once the extent of the detestation of the pact in the province was confirmed through the voting in the by-elections caused by Unionist MPs resigning their seats as a protest against the deal, MPs would be obliged to reconsider the decision.

The agreement was firmly endorsed by Mr Edward Heath, the former Conservative Prime Minister, and by Dr David Owen, leader of the Social Democratic Party, who urged the Unionist MPs to accept the vote at the end of the debate and "live with the consequences."

Labour to probe Liverpool 'corruption'

BY IAN HAMILTON FAZEY

THE LABOUR PARTY'S national executive committee yesterday set up an inquiry into the Militant-dominated Liverpool district Labour Party. It suspended the party pending a report on its activities.

A report is expected in January. Meanwhile, the party and its executive will be banned from holding meetings or organising any other political activity.

The inquiry is to be headed by Mr Larry Whitty, Labour's general secretary, working with eight executive committee members, who will look into allegations of intimidation, ballot riggings, corruption and other malpractices within the district Labour Party.

Mr Neil Kinnock, Labour leader, said he did not believe inquiry would cause divisions in the party as a whole. The Militants represented a small parasitic growth on the main body of the party, he said.

The main aim was to investigate the serious complaints made against party members, including allegations that at a meeting last week delegates were excluded; people who were not delegates were allowed to vote; and others had been intimated.

He promised a thorough investigation including receipt of evidence from many people.

Gas Bill to fuel regulatory debate

By Max Wilkinson

THE BILL to privatise British Gas, widely expected to be published today, seems likely to be the start of a long argument on whether the regulatory powers envisaged by the Government are too feeble.

The Bill, which sets out the main structure of the regulations for the new private monopoly, proposes a regulatory office which would stand partly aloof from the running of the gas industry.

It will approve price increases on a formula related to the inflation rate and the cost of gas from North Sea fields, but with a provision for increased efficiency to be passed on to the consumer.

The proposals are expected to show that the Government has followed the general outlines of what British Gas itself wanted.

However, trade unions and consumer organisations have been arguing for tougher regulations which would probe deeply into the corporation's activities.

British Gas's view was set out yesterday in a memorandum of evidence to the House of Commons Energy Committee. It said: "As a general principle, British Gas believes the new privatised company should be subject to a minimum degree of regulation consistent with the need to satisfy public concern that it should not abuse its position in the energy market."

Otherwise, British Gas says, it should be allowed to operate with the freedom of any other public company, including the freedom to diversify.

The corporation also argues that regulation of prices should be based on overall price control rather than the control of profits. It opposes the idea of giving a regulator general duties

Plea to clear bar on TSB flotation

THE LEGAL dispute which has delayed the £1bn stock market flotation of Trustee Savings Bank (TSB), originally scheduled for February, must be cleared up "as rapidly as possible," Sir John Read, TSB Group chairman, said yesterday, Clive Wolman writes.

"No financial institution of the size and range of TSB – with 6m customers and 25,000 staff – can continue indefinitely without clear and proper accountability," he said. "It seems almost inconceivable that it has done so for so long."

He said that the TSB's customers would suffer unless its "outdated structure" was changed to allow the TSB to raise additional capital and offer new services.

Sir John's speech is the first public explanation of the TSB's attitude to the government-imposed postponement of its flotation plans earlier this month. The decision was made in response to the ruling of a Scottish court that the TSB belonged to its depositors. The flotation was planned on the basis that the TSB belongs to no one.

The TSB also announced yesterday a move into large-scale commercial lending.

□ THE EEC has approved £94m in grants from its regional development fund for 141 projects aimed at generating jobs in the UK.

□ A CONSERVATIVE MP has questioned the Government's plan, expected next month, for a campaign aimed at encouraging companies to employ more black youngsters. Mr Peter Bruinvels told the House of Commons the plan was "totally unreal and unnecessary."

□ THE BRITISH Council of Churches has urged a direct Argentine-British diplomatic solution to the Falkland Islands sovereignty question in which residents would be "informed and consulted, but not given a total veto."

□ BRITAIN lost 324,000 working days through strikes last month – more than half of them from only three stoppages, according to figures released by the Department of Employment.

□ THE GOVERNMENT has published a plan under which EEC producers and importers would be made liable for damages caused by defective products as part of a Community consumer protection plan.

□ SHORTS, the Belfast-based aerospace manufacturer, has reached a single-union deal with the Transport and General Workers's Union at its new West Belfast plant.

□ WARNER-LAMBERT, the US drug company is to close its UK factory at Eastleigh in Hampshire with the loss of 400 jobs.

□ THE VALUE of Britain's North Sea oil output in October rose to £55m a day, with production rising close to the record levels of last January, the Royal Bank of Scotland reported.

UK NEWS

Jaguar invests in new facility

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAGUAR, the luxury car group, is to spend £37m on a new engineering centre at Whitley, near Coventry.

The company has acquired for an undisclosed sum the administration complex vacated two years ago by the former owner, the French-owned Peugeot-Talbot group.

Jaguar will progressively move all 600 people involved in product engineering to Whitley from the Brown's Lane, Coventry, site, which will release space for future expansion of car production.

The site, used as a motor components manufacturing centre by the Rootes Group after the Second World War, offers 500,000 sq ft of covered area. Jaguar is to pull down 20 per cent of it and rebuild and refurbish the rest.

Construction work will start at the beginning of next year and is scheduled to be completed by the end of 1987.

When fully completed, the centre will accommodate all Jaguar's product engineering operations, including drawing offices, engineering workshops, engine test facilities, a styling studio and product legislation offices to deal with emission controls, among other things.

Jaguar wants to increase the number of engineers it employs to about 1,000 over the next 10 years and put more emphasis on computer-aided design to catch up in engineering technology and efficiency with its main rivals, Daimler-Benz and BMW of West Germany.

The engineering centre is part of the £400m, five-year investment programme that will boost substantially Jaguar's annual spending.

● Ford's top-of-the-range Scorpio/Granada has won the hotly contested 1986 Car of the Year award from a list of 13 candidates.

The Lancia Y10 "supermini", from Fiat's subsidiary, came second with 291 points compared with Ford's 337. The Mercedes 200-300 E from Daimler-Benz was third with 273.

The award, decided by 56 motoring writers and editors from 17 West European countries and organised by seven of Europe's leading publications, carries considerable prestige, particularly on the European continent.

The award should help Ford in its attempts to build sales of the model – called the Scorpio in every market except the UK, where it carries the Granada name – towards the 200,000 a year which the company hopes for.

Value for money, general design excellence, safety, comfort, performance and driver satisfaction, as well as handling and roadworthiness, are all taken into account by the jury when assessing candidates.

Scorpio/Granada is extremely important for Ford because it competes in the high-price bracket which gives manufacturers and dealers much more room to make a profit.

Business failures highest for 10 years

By Lionel Barber

BANKRUPTCIES last year reached the highest level for 10 years, according to government statistics published yesterday.

Figures show a rise of 17½ per cent in the number of personal and business failures and a rise of more than 200 per cent in liabilities, compared with 1983.

The largest bankruptcy case – the demise of Esal Commodities headed by Mr Rajendra Sethia – had estimated liabilities of £140m and assets of only £16,000. Five other cases each had liabilities of more than £14m.

Bankruptcies involve proceedings taken against individuals and partnerships and do not cover company liquidations which are also running at a high level.

According to a Department of Trade and Industry report, the main areas affected were retailers (1,506), the construction industry (900), hotels and catering (597), transport (472) and business services (223). Non-trading-bankruptcies totalled 1,850, including 564 directors and promoters of limited companies.

The total figure of 7,777 personal and business failures in 1984 compares with 6,627 in 1983 and 6,698 in 1975, the year of the property collapse and secondary banking crisis in the UK.

Committee to review low UK research and development funds

BY PETER MARSH

THE LOW PRIORITY given by British companies to research and development was a matter of considerable concern, Mr John Collyear, chairman of a new committee that will advise the Trade and Industry Department on science and technology, said yesterday.

Mr Collyear, chairman of AE, the Rugby-based engineering company, is to take charge of a 14-man technology requirements board of industrialists and civil servants that will review spending by the Trade and Industry Department on research and development, now running at some £420m a year.

He said he was worried by recent statistics which showed that the level of resources injected by Britain into civilian research and development was lagging behind other industrial countries.

The Trade and Industry Department's annual review of science and technology spending pointed out last month that, of the five leading industrial nations, the UK devoted the smallest share of its gross domestic product to civil research and development.

According to a report from the Science Policy Research Unit at Sussex University, industrially financed research and development in Britain grew at 0.9 per cent a year between 1967 and 1982. This compared with 9.8 per cent a year in Japan, 7.1 per cent in Belgium, 5.9 per cent in France and West Germany and 4.1 per cent in the US.

Mr Collyear said that the financial system in which many UK public companies operated discouraged investment in research activities which were by nature "long-term, intangible and risky."

Big financial institutions, which had a poor appreciation of the need for technological research, had a larger stake in many of Britain's public companies than was the case in Japan and West Germany.

Furthermore, the stock market in Britain was extremely active, he said. So companies that showed decreased profits due to extra research spending ran the continual risk of plummeting share prices or even a takeover bid.

Other factors identified by Mr Collyear as reasons for UK industry's poor research performance were the high interest rates of recent years, which led to a drive to reduce costs to preserve profitability, and the low priority attached by companies to building up scientific expertise in their own laboratories.

TGWU rift on public ballot funds

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LEADERS of the Transport and General Workers' Union (TGWU) will next week be pressed by one of the union's own constituent regions to take money from the Government to fund the union's own internal ballots.

The TGWU is one of the most active supporters of the policy by the Trades Union Congress (TUC) of blanket opposition to the Government's labour legislation, in the current row within the unions over decisions by the AUEW engineering workers' and EETPU electricians' unions to apply for public funds.

Accordingly, acceptance by the TGWU's quarterly general executive council of a proposal to take government money looks unlikely – but its significance lies in the fact that it is being raised at all in such a union.

The council will have before it next week a motion from the union's No. 10 region, covering Yorkshire and Humberside. It states that in the regional committee's view, "the TGWU should accept monies from the Government in order to carry out ballots of our membership."

A confidential TGWU document to be considered by next week's executive points out that in the debate on the issue in the No. 10 region, Mr Mal Snow, the regional secretary, stressed both the TGWU's policy of non-compliance with the law, and its strong involvement in the original TUC conference which formulated the overall policy.

In contrast with present TUC thinking, Mr Snow told the region that even under a Labour government he would not necessarily support taking public money for ballots.

THE MANAGEMENT PAGE: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

All the oil majors are heavily promoting free offers, but Shell has broken ranks with its TV ads

Battle of the give-aways

BY NICK GARNETT

IDENTIFYING high-mileage car users in Britain these days is easy. Index fingers suffer from skin erosion induced by frantic rubbing on lucky number scratch cards. Gloveboxes overflow with cardboard letters from Scrabble Part Two and the sound of give-away drinking glasses flying off the back seat as yet another pothole opens up in the road drowns out the engine noise.

Shell started it all at the beginning of last year with its Money promotion. Esso hit back with free mixer glasses. Since then the biggest promotional battle for ten years has raged on petrol station forecourts of most of the largest oil companies scrapping for their share of the £10bn UK motor fuel market.

One figure worthy of the marketing history books has already emerged. Upwards of 180m give-away drinking glasses have been handed over to motorists in the past 18 months and while kitchen cupboards groan under the weight, this phenomenal flood of glassware is still coming thick and fast at the forecourts.

This giving away has been so massive that High Street sales of cheaper glasses by companies like British Home Stores have taken an absolute pounding. The giveaways are all French made, mainly from the Durand family business, as the two British producers, Ravenhead and Crown House, could not guarantee supplies to the oil majors. Both these companies have also felt some of the backlash.

Ever since the oil crisis of the mid-1970s killed off the great filling station Green Shield stamp boom, the cutthroat business of selling petrol has been fought through pricing with only the occasional haphazard glass offer.

All the signs and labels screaming FREE now hanging from petrol station canopies, resting on top of petrol pumps or even stuck to the handles of filler nozzles tell a different story. And there is no sign of a let-up.

BP is coming in during the next month with its tall party glasses having already waded through a series of promotions from the Dallas Oil Game and Lucky Car Numbers to free film development.

Shell, trotting in after Make Money with Bruce's (comedian Bruce Forsyth) Lucky Deal, is nationally advertising its wine glasses and decanter (50 vouchers, one voucher for £6 of petrol).

Texaco, working its way through Double Your Money matching halves, Lucky Stars cricket cards, together with its glass tankards offer, has this week introduced pastel-coloured coffee mugs.

Mobil, king of the games, is now into its fifth, having hit the public with its own versions of Cluedo and Monopoly. Since Scrabble Part Two started this month it has off-loaded two £50,000 prizes, a Mercedes, three Peugeots, and assorted other vehicles, not to mention a clutch of Concorde trips.

Having become what must be one of Europe's biggest drinking glass distributors, giving away 100m since the promotional war began. Esso has progressed steadily through mixers, wine glasses, tumblers and champagne glasses. In current TV advertisements, actress Penelope Keith drools over the company's latest offer—sherry glasses.

Elf, following its Grand Prix Scratch game (like Texaco's it is linked to its sports sponsorship) has given away 250,000 glasses from a fifth of its outlets. Total has used Walt Disneys' Return to Oz cards. Even Conoco's Jet outlets, a fundamental believer in "price power," hands over glasses and ovenware at 100 of its 1,100 sites though with little promotional cash back-up. At Fina stations, part of the Belgian Petrofina Group, a digital watch can be picked up with five litres of oil.

Are the oil companies enjoying all this? "It's stupid," says one oil company manager. "We are all cutting each other's throats for the same market and it's all for short-term brand loyalty. It's like running up the down escalator but if the other guy is doing it you have to."

John Smeddle, manager of retail sales at Shell, which started off the promotions war, does not agree. "We believe that good promotion, professionally run, adds value to the brand and supports the retailer in the market place."

Shell has the luxury of saying this because with 3,000 outlets, most taking the promotions, the cost of a promotional campaign out of its £10-£15m total advertising and promotion budget can be spread widely. Smeddle says the cost of its promotions adds less than 1p to its costs per gallon.

Nicholas Wellman, Elf's advertising and promotions manager, puts his company's costs per gallon at about double that, but clearly feels Elf must join in with what one Esso manager refers to as "defensive measures."

Wellman says those 200 Elf sites that have promoted glass at one time or another out of its 500-site network experienced sales jumps of between 5 and 15 per cent. From wine and whisky glasses the company is now moving to champagne flutes and a lead crystal decanter.

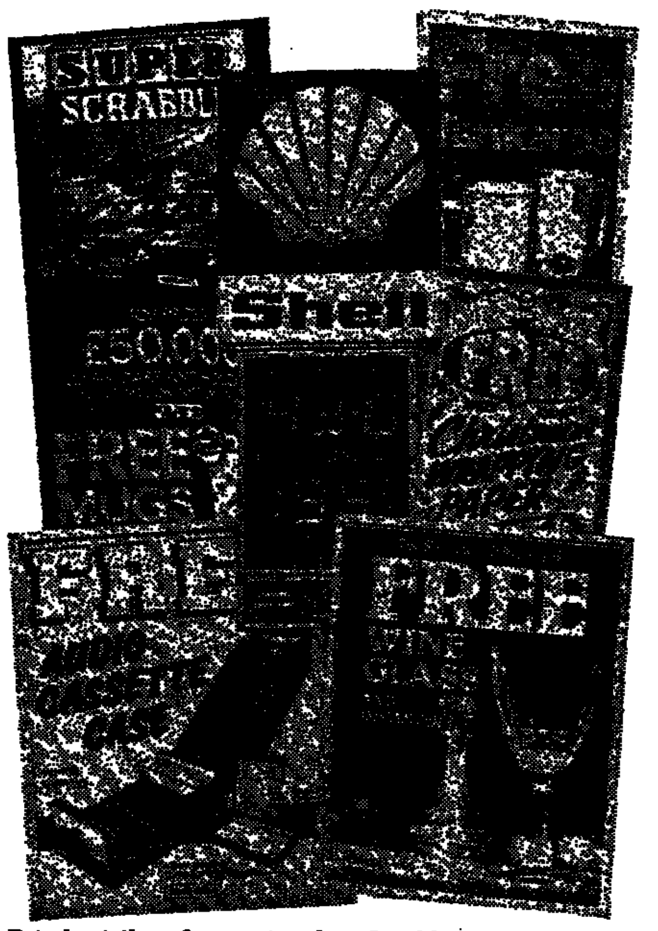
"Glasses are very popular and the public just never seems to get enough," says Wellman. "Perhaps they smash them."

Mobil has had little truck with glassware preferring to stick with little sophisticated games. "We have carved out an identity for ourselves. It's not enough to sell at the lowest price. You have got to give the motorist more. We are trying to forge brand loyalty but I guess its only a transient thing."

BP, which has swung this way and that in its promotions drive, believes its latest research shows that drinking glasses "match the mood of the moment"—hence its latest promotion.

Conoco seemingly alone remains rooted to the "price is might" theory. "We believe there is a constituency that will go for value rather than go for the giveaway," says Bill Gover, director of retail sales.

Perhaps, after all, the only medium term winner will be the French glass industry.



Petrol station forecourts abound with posters offering motorists various types of drinking glasses, games and other promotions.

A young man in his MGA car, driving off from a station forecourt to the sounds of "Green Onions" played by Booker T and the MGs, is one of five Shell ads suggesting that motoring may once again be pleasurable

Motoring is fun again

Shell has recalled happier, pre-crisis, days in its latest series of ads. Feona McEwan reports

THE OIL companies have been in the wars lately. They have a common marketing problem. Their product is uniform, demand is slipping, prices are steep, consumers are fickle and attitudes towards buying petrol are positively negative. As a result the last two years have seen a dramatic return to activity on petrol station forecourts on a scale not seen since the early 1970s. Promotions galore, as the article opposite explores, have been enticing the customers.

Shell, while heavily engaged in this battle of the forecourts, has broadened its attack with a new phase of commercials that break with recent tradition and switch the focus away from promotions per se (though they are still there) by adopting a branding strategy. They also dare to suggest that motoring may once again be pleasurable. The 1973 Yom Kippur war, with its resultant petrol shortages and price hikes, put an end to talk of the joys of motoring, making it seem frivolous to suggest anything so wasteful. Shell concentrated its advertising mind on the corporate message — remember the famous Happy Valley commercial *after* the pipeline had been laid?

The new series of five ads focuses on you the motorist (as opposed to you the environmentalist, the farmer or the government as in the corporate ads). Five different drivers are identified—neatly defined by age, sex, the make of car they drive, its accessories and, most potently, the music they play. It's a before and after sketch showing the motorists driving into a Shell forecourt and filling up before heading for happier times.

There's the young blade in his Porsche 944 hitting the empty open road (sweeping Yorkshire Dales) in the dewy early morning to strains of Born to be Wild . . .; the working woman in her throaty BMW 323 complete with diet Coke (from the Shell shop of course) and full tank, who cruises out of the Croydon traffic jam to "Ain't No Stopping Us Now"; or the Beetle-driving surfboarders making tracks (for the beach?) to the Beach Boys 1960s hit "Surfin Safari." Then there are the young marrieds driving Ford Sierra, she asleep, against the Beatles hit "We're going home" (the first time a Beatles track has been used in a commercial). Finally the young man with his MGA, his pride and joy, scooting off to sounds of "Green Onions" played by Booker T and the (aptly named) MGs.

In each case the use of music is critical. The ads start up silently save for car and petrol noises — the clunk of the pump, the gurgling of the petrol, the hum of the money meter. Then as they drive off, the click of the cassette tape and upbeat rhythms signal a new-found happiness.

"This is our policy of differentiation," says Hugh Wickham, head of marketing communications, Shell UK. "These brand commercials are reviving old values we found people associated with Shell, no doubt drawn from memories of Shell in the early days of 'Go Well, Go Shell' and so on. By segmenting the audience and showing them in situations where they buy petrol and are happy or relieved to do so—such as running low on the way home at night, or en route to freedom from teeming traffic jams . . . they associate buying petrol with pleasurable times . . ."

"The current climate of the 'promiscuous' motorist looking for promotional items led us to the issue of how to stress the value of the brand," says Colin Winchester, board director at Ogilvy and Mather, Shell's main advertising agency. "The forecourt and all that it suggests amounts to a more meaningful long term proposition. The brand campaign is trying to stir the latent goodwill people feel towards Shell as a brand, by showing motorists Shell understands their needs and is geared up to them."

Not since the early 1970s have oil company advertisers put pleasure and petrol in the same message. Remember "the Esso sign means Happy Motoring," "Go Well, Go Shell" and National Benzole's "The Getaway People"?

Since 1978, Shell and rivals have been corporately busy (not least for political reasons) ensuring a favourable climate of opinion among decision-makers in order to protect their own interests. By the late 1970s/early 1980s total demand for industrial and petrol oils had fallen as industry economised and also switched to alternative fuels (North Sea gas came on tap and coal was readily available and price-competitive). The resulting petrol price war led to consumers shopping around. Hence the rash of promotions in 1984 to try and win them back.

Shell claims to have been the first in with its "Make Money" game of matching halves back in January 1984. It was intended to be an alternative to price cutting and an attempt to hold prices firm. "It stirred up a hornet's nest," says Winchester. The prize money ceiling was £10,000. Soon the pumps were awash with games, each one raising the stakes higher still.

Like its competitors, Shell backed its promotions with short 20-second commercials, running in sequence over one month—the launch costs of such games are extremely high. The idea was to hook the motorists in for the subsequent three-month period of the promotion.

At the same time as the brand campaign on television, Shell is also continuing its corporate campaign, but in the press only. The messages concentrate on the environmental concerns of the company through its different product divisions. Thus the ad featuring a zebra and the line: "There's nothing more dangerous than a wet zebra," which focuses on safety tyres. Others focus on insecticides and question the merits of alternative fuels.

Distinctions between corporate and brand advertising, of course, tend to go largely unnoticed by the consumer who sees all Shell ads as under the one banner.

Competitors are reticent about commenting on rival campaigns, or indeed on revealing their own hands. However, BP, for its part, does not believe in rigid lines between corporate and brand advertising. "We know from our research that our quality of product and the consumers' predisposition to buy are strongly influenced by our image advertising."

There are moves, though, to extend the corporate work under the slogan "BP, Britain at its best" into a branding device in a series of Press ads. This way BP will focus on its marketing services, lubricants, aviation fuel, and home heat delivery service.

THE ARTS

London Galleries/William Packer

Bailey's kind of style

Shots of Style at the Victoria & Albert Museum (until January 19) is David Bailey's choice of great fashion photographs—photographs, that is, specifically dedicated by the subscription of price and caption to the serious business of "flogging frocks." The distinction which he draws in his foreword to the lavish catalogue, that without such definitive intention all we have is a portrait of someone wearing clothes, is perhaps over-simple, but it is useful. We may well regret, for example, the absence of one of Lady Hawarden's crinolined young Victorians, or of Lartigue's more active young thing catching up her skirts to catch the bus. But we must start somewhere and the field is vast, the arguments nice. To start with the effective use of photography by the fashion magazines of some 70 years ago, with Baron de Meyer and then, in the 1920s, Edward Steichen and Baron Hoyningen-Huene to set the standards and the pace, is fair enough.

Bailey is right when he says that great results in this genre are rare. They are certainly not the prerogative of any particular period and his survey, partial and personal as it is, is an admirably open and generous demolition of the myth that fashion photography began with a bang in the 1960s.

There are many wonderful images here from recent times, from such as Lategan, Barbieri, Newton and Bourdin, and not all of them merely exploiting the modern freedom to tease and shock. But if there is a golden age, it lies for me between the middle 1930s and the middle 1950s, the time of Parkinson and Beaton at their best, of some women perhaps too little remembered like Frances McLaughlin (mentioned but not shown here), Louise Dhal-Wolfe, Lillian Bassman and Toni Frissell, and above all of Erwin Blumenfeld, Irving Penn and Richard Avedon.

*

The point is well made that the work of such photographers is art, whatever its immediate preoccupation, but we in this country have been notoriously slow to take it, let alone act upon it to buy and collect. Not so in America, where last year the Getty Museum acquired the entire Sam Wagstaff Collection, an extraordinarily catholic and idiosyncratic accumulation of photographic material of all kinds, all periods and of the highest quality. But even now Wagstaff continues to collect and so the exhibition filling the Brandt Room at the Photographers' Gallery (until January 11) contains not only a selection from the Getty holding, but also from his very latest pickings.

His lack of preciosity and his openness of eye and mind are his most particular qualities, his judgment apart, for along with the work of the acknowledged masters of the medium, the Fentons and Camerons, the Penns and Cartier-Bressons, he sees nothing incongruous in bringing in such ephermera as stereoscope cards, postcards and even magazine material. He is, moreover, acute and generous in his recognition of anonymous, obscure and youthful achivement, for though he has and evidently enjoys his notable trophies, there is no sense in it all of head-hunting and name-dropping. These are the things, we now realise, which so short a time ago were our almost for the picking up. Some, perhaps, still are, if we have the wit to see.

The Gallery's Hopkinson Room next door celebrates the work of the sports photographer, Eamon McCabe (until January 4), whose chosen study is no less likely to result in art than fashion, or any other for that matter, for he has the most remarkable eye, judgment and technical command. His peculiar, distinctive gift is for composition, in which he seems able to achieve order, of an almost monumental simplicity and stability, without in the least sacrificing the explosive tension of movement, effort, or the most acute concentration. The racing swimmers hurl themselves forward; Piggott keeps the firmest hold yet he is so delicately poised; the croquet player lines up his next wicked shot.

Fashion picture for French Vogue, 1930, by George Hoyningen-Huené

Fatal Attraction/Haymarket

Michael Coveney

I should declare from the off that I am hopeless with thriller plots. At a Sherlock Holmes mystery some years ago, I was convinced by the interval that Watson had dunnit. So pleas from the Author Bernard Slade in the programme not to discuss *Fatal Attraction* are superfluous. If I could follow this plot and then decided to reveal it I would still get it wrong. So you are safe with me.

In fact, all the essential details are contained in a long speech delivered late on by Susannah York as Blair Griffin in a black negligée to Denis Quilley as Gus Braden, the retired neighbouring cop, who has been drawn into the spooky proceedings in a remote Nantucket beach hut because he met the actress on a TV show after becoming a minor literary celebrity himself.

Blair has been tracked for 15 years by an intrusive photographer, Lombardi (Nick Brimble) who lurks on the beach while her separated artist husband (David Baron) sorts out portraits and prepares to discuss what is to happen to the children.

As the evening grinds on, David Gilmore's production begins to assume a sort of grisly awfulness as Mr Slade mixes genuine effects with stage-managed spoofery. Simon Gray had the same idea a few years back and came seriously unstuck with *Stagestruck*; *Sleuth* remains the only truly elegant thriller send-up.

Apart from a few cheap thrills when a plant pot crashes to the floor of the darkened retreat, or a body presumed either absent or dead rises like Dracula from the sunken jacuzzi, there is nothing much to enjoy here beyond a couple of sharply written exchanges between the stars.

Lights go down, storms gather and break outside and Miss York pops some soupily orchestrated Satie, Mahler or an interminable passage of the Korngold Violin Concerto on her expensive hi-fi. All this is well-handled in the production and Bill Bray's lighting is notably good. But once Blair's agent, who is taking considerably more than her ten per cent from her client, starts stirring the romantic stew, the show forfeits all claims to credibility and Mr Quilley can cheerfully pick up his laughs and Miss York can triumphantly declare that some good may come of those clifftop car "accidents": "Maybe they will finally do something about that road."

Starting off as a crude thriller, the show dwindles to a not very high comedy. The cheeseboard and its knife provoke giggles each time it appears and by the end of the evening any house-guest of Miss York's would be ill-advised to take a dip, listen to music, sip a drink, make love or use the telephone. As a hostess, she's a flop. All she has managed to get right is her choice of beach house, a handsome design by Roger Glossop, of split levels, brick fireplace, trailing ivy and gabled skylights. And if I ever find out who did what to whom, why, where and whenever, you will be the last to hear of it.

The Rake's Progress/Geneva

Andrew Clark

No one has enjoyed more encouragement during the Gall regime at Geneva's Grand Théâtre than François Rochaix. The results have been a mixed bag, but with *The Rake's Progress* Rochaix and his designer Jean-Claude Maret are back in the 20th century repertory where they work best, and in harness with a familiar and sympathetic collaborator in Roderick Brydon.

For all its distinguished components, however, the production does not add up to the sum of its parts. The costumes retain a whiff of Hogarth, and the neat Gallic artistry of Maret's decor, with its simple colour scheme, sharply-raked stage and vast *Walküre*-like perspective of background cloud, gives Rochaix the visual clarity he needs to handle the work as an intellectual parable.

But with the exception of the auction scene, the result is just too dry and humourless. Rochaix's acknowledgement of the work's theatre is apologetic and inhibited, and as in his *Death in Venice* and *Pelléas*, the erotic or sensuous element eludes him. The story's moral loses its punch if there is no fun on the way.

Rochaix and Brydon are together more successful in celebrating the work's musical character. Brydon's technical control and the Lausanne Chamber Orchestra's light, airy responsiveness have the virtue of making the musical construction seem more simple than it really is: no problems with rhythm changes here.

The cast worked well as an ensemble. It is hard to imagine Tom's aria-monologues sung with more quiet feeling or intelligence than by Neil Rosenheim; another outstanding performance from Marie McLaughlin, who made Ann more than a pretty wallflower and sang exquisitely; Della Jones's Baba was more credible than the usual theatrical puppet. Tom Krause's voice is still good enough for Shadow, but he still swallows his consonants and has none of the sting in the tail necessary for the part.

Aureole/Sadler's Wells

Clement Crisp

The second programme of this week's offerings by LFB 2 at the Wells began on Tuesday with Paul Taylor's *Aureole*. It is a work, as its title suggests, filled with light, actual and spiritual. Like Bournonville, Taylor treats men and women with decency, and rejoices in their ability to cover the stage in bright curves of movement just as the Danish master did. The parallel had better end there, but there is the same sense of physical and spiritual satisfaction to be gained from seeing Taylor's quintet, posed together or caught up in happiest chains of dance, as there is in the effervescences of the previous evening's *Napoli*.

Aureole had the same cast as at its Festival Ballet première in Manchester last month, and if it looked slightly more careful on Tuesday night, the restraints of the Wells' stage may be the cause; performances are in the main still respectful of Taylorian manner, and it is an irresistible start to an evening. Three duets followed before the closing *Night Creature* by Alvin Ailey, each telling a tale, either emotional or technical.

In the *Chaikorsky pas de deux* Trinidad Sevillano went briskly after Balanchine's physical demands. She has no problems with the steps, and seems to want to make us aware that she has a near 180 degree extension, which may be very well for gymnasts but has little to do with the *danse d'école*. She has, though, a fullness of movement which, if she could get beyond a mechanical approach to the dance, would be delightful in this duet, where less effort brings more rewards. Her companion, Alessandro Molin, was also eager to show us athleticism rather than classic good manners: Balanchine merits style without extravagant decoration.

Ben Stevenson's *Three Preludes* and Béjart's *Song of a Wayfarer* both offer emotional wallows. In the first, Janette Mulligan, magnificently partnered by Alexander Sombart, yields to passion and Rakhmaninov in a dance studio. It is trumpery stuff, done for more than it is worth by its cast. In the *Wayfarer*—whose Mahler score is given in Schoenberg's artful reduction—Peter Schaufuss bids farewell to the world (as who doesn't nowadays, with Mahler) at the behest of Patrick Armand. The two men are admirably matched in physique, admirably contrasted in temperament, and they snatch every ounce of meaning from the dance. It is lush, sodden with *weltschmerz*, and wholly credible with these fine artists.

Peter Donohoe/Elizabeth Hall

Andrew Clements

Tippett's Fourth Piano Sonata was first heard in January and several other London performances have followed. Until now it has been the exclusive property of Paul Crossley, who inspired it, but on Tuesday evening it became the first half of an impressive recital by Peter Donohoe.

Donohoe is a more direct, sonically imposing pianist than Crossley, less inclined to tactful understatement or to make excuses for music which has an inherent weakness. Perhaps for that reason the Sonata emerged as markedly uneven under fingers; passages conceived with a fine aural imagination lay next to writing that seemed awkward and miscalculated. To Tippett's detractors that would be the mixture as before, but in his writing for the keyboard it sometimes can be a problem for even the committed admirer. The tendency to hear his piano textures as orchestral music sealed down is enhanced in this work by the quotations from the Fourth Symphony that dominate the central movement.

In two Chopin Ballades Donohoe went on to provide a timely antidote to Gavrilov's vapid accounts of a week ago. There were bold striking effects in the G minor, with a final apotheosis of authentic grandeur and, despite some slackening of tension in the central episode, a marvellously fluent sense of rubato in the F minor that seemed all of a piece with the unfailingly well-focused passage work. A thoughtful, slightly stark Waldstein Sonata followed, the outer movements tinged with *mezzo voce*, the outlines of the Introduzione kept chaste and chill. Late Brahms and a Rakmaninov prelude were encores, each perfectly conceived on its own terms.

The Perfect Defence/Birmingham

B. A. Young

The perfect defence, as defined by Jason Conway, QC, is to be tried and found not guilty. Joanna Benton (Judy Loe, smart and horsy) is having an affair with Theo Hines (Mel Taylor), a black US Air Force sergeant. The husband Tom (Tim Feely) is the kind of chap who comes home and greets his wife with "When will supper be ready?" ("Supper?" you may ask, seeing the big red brick house with crenellated roof that Saul Radomsky has designed for the Birmingham Repertoire Theatre, but Joanna quarrels with servants, so there are none left.)

Conway, for some reason, does Tom's legal and financial affairs. He has a friend, Bill Fraser, QC, who takes him shooting. When Joanna is charged with her husband's murder, Conway defends her and Fraser prosecutes, so it is not surprising that she is acquitted. But we have seen the murder happen; Tom was shot by Hines at 3 am and finished by Joanna with a cushion from the sofa on his face.

The police, in the person of Sgt Walton (Peter Adamson), come to investigate, but do not investigate far. They do not ask why the body has been dead three hours when Joanna says she reported the murder at 6 am as soon as she saw it committed by an unknown stranger. Nor do they ask where the missing cushion on the sofa is, and they are not called by the proscecution at the trial. Joanna's acquittal is secured by her mid-trial change of evidence and Hine's's unsupported testimony that he was in his own home all night.

We are in fact in the world of the comedy-thriller, where a quick surprise will compensate for neglected evidence, so I must not reveal the action in detail. After the trial, where the Old Bailey is represented by two Counsel and the witness box, the details of one conspiracy after another are spilled out. Then there is a thing about Tom Benton's will, but the plot is as full of holes as a colander, and the piece ends with a situation as unstable as an evening in Beirut.

There is no defence, perfect or otherwise, for author Gary Bohlke, whose script plays as if it were a first rough draft. He writes the kind of dialogue in which my unfavourite line, "What's that supposed to mean?", crops up twice in ten minutes.

The director is Roger Smith, but even he cannot put any conviction into the forensic duel between Fraser (Christopher Ettridge) and Conway (Richard Walsh). The Bartons' home, with its ghastly furniture, is mounted on a great truck and rolls menacingly downstage at what used to be curtainrise, providing the nearest approach there is to a thrill. The first night was sponsored by TI, who no doubt furnished the tubular banisters of the staircase.

Les Boréades/RAM

Richard Fairman

This was a British première. *Les Boréades*, a *tragédie lyrique* written when Rameau was in his late 70s, had no performances in the composer's day and no full modern staged revival until Aix-en-Provence in 1982. There is not even a scholarly edition of the work owing to legal difficulties.

Tuesday night's performance was the last of the Royal Academy of Music's brief but worthwhile run. Its version of the opera was a distinctly streamlined one: Rameau's original score, a luxuriantly unfolding three-hour tapestry of vocal delights and dance, was reduced to two and those were given without an interval. With much of the danced divertissements gone, it seemed somebody might be trying to push the opera towards a rather different kind of drama.

None of this score, in any case, deserves to be lost. Passages as fine as the jagged, wholly modern opening of the fifth act and Abaris's devastatingly spare "Lieux désolés" are obvious high-spots—both were, of course, included—but almost all the missing dance music is full to the brim with new and exciting ideas. To have as much as was performed given without a breathing space was, indeed, quite an *embarras de richesses* in itself.

What the Academy's production did show us was how effective the piece is in the theatre. At the end of the first act, when the music turns to C minor and Alphise is left alone, a master of the stage is already at work. Anne-Marie Hetherington, who took this role, was a tower of strength throughout. The part was sung with solidly-based, beautiful tone and borne with dignity—an ideal choice for Phèdre if the Academy wants to explore Rameau further.

Of her colleagues, Rhodri Britton's sturdy Adamas, Andrew Forbes's incisive Borée, Andrew Mayor as Borilée and Helen Astrid as Semire were the most impressive. he students were fortunate to have Roger Norrington as their conductor and he led the performance with verve and style, but there was still enough messy ensemble from the pit to suggest that the players had not yet mastered an unaccustomed style. Visually and dramatically, the evening looked quite a professional affair.

New RSC chairman

Geoffrey Cass has succeeded Sir Kenneth Cork as chairman of the council of governors of the Royal Shakespeare Company. Sir Kenneth, after ten years as chairman, has been elected deputy president.

Maria Ewing/Wigmore Hall

Max Loppert

Maria Ewing, as her various Glyndebourne opera portrayals have already made clear, is an original—a performer of distinct cast and powerful gifts who excites a wide range of responses in an audience, from love to loathing and every shade in between except passive indifference. On Tuesday she gave a first London song recital, with Geoffrey Parsons her pianist, that will no doubt have divided opinion quite as radically as did her Carmen last summer. In any description of such an artist, nothing less than the unvarnished truth will do, so here goes: for myself, I thought this one of the most distressing public displays of prolonged self-indulgence by an important singer that I can ever remember.

Miss Ewing's voice, vibrant and rich in timbre across a wide compass, permits her a huge store of colour shades and nuances—and she is apparently determined not to let a single moment pass without pouring them all out. The choice of an opening Handel aria (in this case, Cleopatra's "Se pietà," crudely lopped off at the end of its middle section) might have encouraged in some audience members expectations of a stretch of "pure singing." For such people, this must have been an odd few minutes indeed; but in the Schubert and Wolf that followed, more and worse oddities were to pile up, for hardly a phrase in the whole Lieder selection came out not lathered in scoops, slides, slithers, sudden chesty snarls, or some other variation on the theme of linear refraction.

If Pierrot Lunaire had decided to take time off from his other activities and give a Schubert recital, something like Miss Ewing's versions of "Die Forelle" or "Versunken" might have been the result. A couple of her Wolf songs stood up more hardily to such treatment, but "Philine" and "Kennst du das Land" were not among them. To follow, there was a second half of *melodies* that made the first seem like a model of tact and taste: in "Phidylé" a combination of coos, Piaf-like verbal growls, and go-for-broke climaxes provided a comprehensive demonstration of how-not-to-do-it—and Debussy (two of the *Ariettes oubliées*, the complete *Proses lyriques*) was given in the same style.

Described thus, the performances may seem to have offered at least a certain bizarre interest. The most saddening feature of the concert was how quickly interest palled, for the singer gave the curious impression of performing for herself; actual communication with an audience hardly seemed to come into it. Miss Ewing is too richly talented to be allowed to get away with such a concert. She must be forced — at gunpoint, if necessary — to take all these carefully mounted interpretations apart piece by piece, to purify and simplify her art, and then put them back together again. At present, the shortage of what one can only call artistic humility is drastic.

Saleroom/Antony Thorncroft

Tankard fetches £59,400

A tankard made in 1675 for Sir Edmund Godfrey, who first achieved fame by his efforts in checking the progress of the Plague in 1665, and later notoriety after being discovered murdered on Primrose Hill in 1678, was sold at Christie's yesterday to the London dealer Koopman for £59,400.

The tankard is engraved with scenes of the Plague and the Fire. Godfrey was one of 20 children of a woodmonger but he rose to become a magistrate and took down Titus Oates' first account of the Popish Plot. His death, while remaining a mystery, is usually credited to associates of Oates. A flagon from the same set, also engraved, was bought by another dealer, Armitage, for £45,200.

The silver sale totalled £561,578, with 12 per cent bought in, and all the top lots going to London dealers. Koopman bought a pair of George III silver gilt two handled wine coolers by Paul Storr for £32,400; S. J. Phillips paid £25,920 for two silver mounted Chinese Ming blue and white porcelain pear-shaped bottles; Koopman, again, acquired a Regency two-handled soup tureen, cover and stand by Thomas Robins for £19,400, while a Charles II two handled porringer and cover sold to Shrubsole for the same price.

A Book of Hours, probably produced in Paris around 1390 and the property of the late Sir Charles Clore, sold for £97,200 at Christies yesterday to Kraus, the New York dealer. The manuscript is linked to workshops supplying the Duc de Berry, which accounts for its high price. The "Novus Atlas" of Willem Blaeu, 1646-49, with 336 maps, made £25,920. A copy of Horace Walpole's "Anecdotes of painting in England," a first edition and the copy of Walpole's friend, the antiquary William Cole, sold for £9,180, as against an estimate of £700-£1,000.

There was selective bidding at Sotheby's major autumn sale of 19th century pictures on Tuesday night. After the exceptional prices paid for Géricault, the French Romantic artist, at Christie's last Friday it was hardly surprising that his "Horses and their grooms in a stable" should make the top price of £165,000, to Marlborough Fine Art.

But there were disappointments among the Austrian artists; a pretty genre scene of children and doves by Waldmuller was unsold at £100,000, and a work by Von Defregger was bought in at £85,000. However, "The Siren," by Waterhouse sold for £79,200 (another, less attractive, Siren, by Poynter, failed at £40,000) and an Alma-Tadema of "Joseph presiding over Pharaoh's granaries," bought at a recent jumble sale for £5, made everyone happy at £49,500.

he evening session totalled £1,905,530 with a high 31.8 per cent bought in. Yesterday morning the sale continued, adding another £1,262,250 and 23 per cent bought in. There were some keen unknown buyers in the room. Partridge, bidding on behalf of Vardis Vardinoyannis, paid £51,700 (top estimate £9,000) for a portrait of the Greek Prime Minister Venizelos by Blanche. "The open air artist" by Gerard went for £37,400, and the same sum secured "In the sacristy" by Bianchi.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Nov 22–28

PARIS

The fame of Victor Hugo. To mark the 100th anniversary of the poet's death, some 1,000 documents – grand and less grand, including caricatures, posters, photographs, try to explain the extraordinary phenomenon of Hugo's glorification. Grand Palais, closed Tue. Ends Jan 6 (26 154 10) Petit Palais adds to Hugo's celebrations an exhibition Le Soleil d'Encre consisting of more than 300 of the artist's drawings and 200 manuscripts belonging to the Bibliothèque Nationale. Petit Palais, closed Mon (26 512 73).

Modern Masters of the Thyssen-Bornemisza collection: The 107 paintings from one of the world's most remarkable private collections constitute a panorama of modern art which is anything but didactic. German Expressionists were one of Baron Thyssen's first loves, quickly followed by Kandinsky and the Russian avant-garde. Manet, Renoir, Degas, Lautrec create another centre of interest, while Picasso's l'Homme à la Clarinette is one of the Baron's favourite acquisitions. Musée d'Art Moderne, 11 Avenue du Président Wilson (47 23 612 27). Closed Mon. Ends Jan 5.

LONDON

The Royal Academy: German Art in the 20th Century – until Dec 2 – this is certainly the most important exhibition at the Royal Academy since the Post Impressionist Exhibition, in terms of the practical study of the art of our own time. But it is a partial rather than definitive treatment of its subject, more closely defined as the Expressionist Tradition in modern German Art. The pioneer expressionists of Die Brück and Der Blaue Reiter – Schmidt-Rotluff, Nolde, Kirchner, Mueller, Macke, Marc and Kandinsky, Beckmann, Dix and Grosz are the heroes. Beuys Kiefer and Richter continue in spirit.

WEST GERMANY

Berlin, Nationalgalerie: Art from 1945 to 1985. With 500 works by 220 artists the Berlin National Museum will display an extensive exhibition of post war art. Ends Jan 12.

Düsseldorf, Kunsthalle Grabbeplatz Joel Shapiro: First stop for an exhibition covering 80 abstract sculptures and paintings by the American artist in the last nine years. Ends Jan 19.

Bremen, Kunsthalle am Wall 207: Klee drawings and paperworks from 1921 to 1933. Ends Jan 5.

Stuttgart, Neue Staatsgalerie: A retrospective of 81 works of the British artist Francis Bacon (born in 1909). The works, covering 40 years, are on loan from the Tate Gallery, London. Ends Jan 5.

Essen, Museum Folkwang, Goethestrasse 41: To honour the German painter Lovis Corinth on the 60th anniversary of his death, the exhibition contains 90 paintings and 40 graphic illustrations. Ends Jan 12.

BRUSSELS

Spanish Netherlands 1500-1700: Renaissance and Baroque, Flemish and Spanish painters – Velázquez, Rubens, Murillo, Van Dyck, El Greco. Palais des Beaux Arts. Ends Dec 22.

Los Iberos: Iberian Art from the pre-Roman period. Musée Royale d'Art et Histoire. Ends Dec 22.

Armada Treasures. 2,000 items from the Ulster Museum. A variety of objects including a gold salamander set with rubies, rings and a three-tonne siege gun raised from three ships, Girona, Trinidad Valencera and the Santa Maria de la Rose, all wrecked off north and western Ireland in 1588. Credit Communal until end Jan.

Dario de Regoyos (1857-1913): A Spaniard in Belgium. Banque Bruxelles Lambert, Place Royale ends Dec 21.

ITALY

Rome: Museo delle Mura, Porta San Sebastiano: Trade Routes Between the Mediterranean and the Far East in the Ancient World. The museum is set into the Aurelian walls above the gate through which the Appian Way passes and is worth seeing in itself. Organised by the Commune di Roma and the Museo Nazionale d'Arte Antica, the exhibition explores the movement of goods (incense, myrrh, silk and spices) to Italy from the east from the 8th century BC to the Middle Ages. Clear and informative and illustrated mainly by photographs and diagrams, but one felt that the exhibition was aimed more at school outings than tourists and that a lot of the information could have been got just as well from a good book. Ends Jan 5.

Rome, Galleria Editalia, Via del Corso 525. Futurist Painters in Rome: 1910-1930. Energetic, dramatic and highly coloured, notably the work of Giacomo Balla. Ends Nov 30.

Florence: Museo di Storia della Scienza: A History of Spectacles. More than a hundred pairs of glasses from the Zeiss foundation (in E. Germany). This is the first time the collection has been shown publicly. Exhibition also includes engravings by Durer, Rembrandt and Japanese artists. Ends Jan 11.

VIENNA

Art From The Stone: Art lithography from its origins to the present. This exhibition shows the versatility of nearly 200 years of European lithography. Most artists seem to have had a try at drawing or painting "on the stone" – from Goya to Picasso, Delacroix to Chagall, Toulouse-Lautrec to Miro, Munch and Beckmann. The exhibition explains how lithography began, how it is done, and goes a long way to explain its continued fascination for artists. At the Albertina until Dec 8.

Treasures From The Forbidden City, Peking: A selection of 120 objects covering 3,500 years of Chinese history from Peking's Forbidden City, the former Imperial Palace, now a museum. It includes gold and jade pieces, calligraphy of all kinds, musical instruments, costumes, paintings, procelain vases, dishes and cups from the Ming and Qing dynasties, and paintings on silk rolls showing the elaborate ritual of the court, or members of the royal family at leisure or on one of their epic journeys. This is the last opportunity to see the collection in Europe before it returns to the Forbidden City. Museum of Ethnology, Heldenplatz, Vienna, until Dec 8.

SPAIN

Madrid, a retrospective of 200 paintings, waxes and drawings by master of Cubism Juan Gris (1887-1927) on loan by private collections and museums of Europe and the U.S. The exhibition offers for the first time in Spain and Europe a good assembly of Gris's best works. Biblioteca Nacional, Sala Picasso, Paseo Recoletos 22. Until end of Dec.

Madrid: Toulouse Lautrec. For the first time in Madrid, an excellent assembly from Museum Albi (France): 31 posters, 12 paintings, six drawings and 37 lithographs including his 12 Elles and the series Au Cirque. All from 1891–1900 just before his death. A good exposure of La Belle Epoque and Montmartre. Caja de Barcelona, Velázquez 83. Free entry. Ends Dec 9.

Madrid, Fundación March exhibits 45 contemporary Spanish artists, chosen for the foundation's private collection assembled during the past 25 years, offers for the first time a thorough illustration of different styles, techniques and colour. Among them Sculptors Chirino, Serrano, Alfaro, and painters Zobel, Tapies, Saura, Rueda and Guinovart. Fundacion March, Castello 77. Ends Dec 1.

NEW YORK

Guggenheim Museum: 55 major sculptors of the 20th century, including Giacometti, Nevelson, and Johns, are part of the theme Transformations In Sculpture, meant to cover pop art, minimalism and Arte Povera, among other movements of the past 40 years. Ends Feb 16.

Pierpont Morgan Library: 200 British photographs from the Victoria & Albert Museum cover Fox Talbot to Julia Margaret Cameron and Lewis Carroll among the earliest practitioners in the years from 1839 to 1900. 36th St & Madison Av. Ends Feb 2.

Museum of Modern Art: Making generous use of the Riklis Collection of the McCrory Corporation, this exhibit of geometric abstract art of the twentieth century entitled Contrasts of Form covers the Russian Constructivists and American Minimalists as well as Cubism and Bauhaus. Ends Jan.

WASHINGTON

Hirshhorn: The recent allegorical and romantic strain in Italian painting is represented in a show of 46 works, primarily paintings, from 13 artists, including lesser known artists such as Carlo Bertocci and Patrizia Cantalupo as well as the well known Sandro Chia, Mimmo Paladino and Carlo Maria Mariani. Ends Jan 5.

National Gallery: 118 Master Drawings from the fifteenth to nineteenth centuries lent by the Swedish Nationalmuseum include works by Dürer, Rembrandt, Rubens, Van Dyck and Goya. Ends Jan 5.

CHICAGO

Art Institute: Chalk & Chisel combines 11 sculptures with more than 80 sculptors' drawings to show the interplay between preparation and execution in the work among others of Rodin, Carpeaux and Rysbrack. Ends Dec 12.

TOKYO

Van Gogh: Over 180 oils, sketches and prints, some reflecting his interest in Japanese Ukiyo-e prints. National Museum of Western Art in Ueno Park. The park is pleasant respite from the city concrete, one of Tokyo's few open spaces where autumn is evident. Ends Dec 8.

FINANCIAL TIMES
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Thursday November 28 1985

Regulation of Lloyd's

WHEN the Financial Services Bill is introduced into the House of Commons next month, many MPs, rather than struggling with the complex details, are likely to be exercised by a single question: why has it nothing to say about Lloyd's of London, the famous insurance market? The question is a fair one. On the face of it, there is something paradoxical in the spectacle of the Government engaging in the most radical overhaul of the regulation of the City this century, yet seeming to ignore Lloyd's, probably the institution with the highest public profile in the Square Mile.

In the public consciousness, the City is widely perceived as a composite whole: everybody is engaged in financial services of one sort or another. It is doubtful whether sharp distinctions are drawn between stockbrokers, commodity traders or insurance underwriters. There is thus likely to be adverse comment if the Government does not, as part of its regulatory package, seek to overhaul the supervision of the one institution that has had far more than its share of scandals. If clubbishness must give way to a careful blend of self-and-statutory regulation elsewhere, why not at Lloyd's?

Some pragmatic arguments have been put forward for leaving Lloyd's in peace. One is that the Financial Services Bill is already complex and ambitious; given the scarcity of Parliamentary time, it might be unrealistic to attempt to graft on clauses about Lloyd's. At the same time, it is argued, the new Securities and Investments Board, has more than enough on its plate; if it were given responsibility for Lloyd's too, the burden on officials and their staff would be intolerable. It might become impossible to meet other important deadlines such as the timing of the "big bang" when fixed commissions are to be abolished on the London Stock Exchange.

Another argument is that the financial services legislation is primarily concerned with the retailing of marketable securities and the protection of the private investor. Lloyd's, it is claimed, just does not enter this picture: the sole trader who writes insurance business has little in common with the purchaser of British Telecom shares. Moreover, after much debate and consultation, Lloyd's did agree, as recently as 1982, to an overhaul of its regulatory structure—albeit one that left power firmly in the hands of insiders. This is enshrined in the Lloyd's Act.

It is too early, some say, to judge whether the 1982 reforms will prove adequate in the longer-term. The problems which have tarnished Lloyd's name in recent years relate to irregularities that took place before 1982. In the absence of further scandals, the argument runs, Lloyd's should now be left to prove that it can regulate itself effectively. This line is especially appealing to officials who have little desire to take on either direct or indirect responsibility for the regulation of Lloyd's. They stress the technical difficulty of attempting to amend the Lloyd's Act through the medium of the forthcoming financial services legislation.

On probation

The various arguments for inaction are seductive. Yet the Government may run grave risks if it adopts too passive a stance. What happens at Lloyd's casts a shadow over the whole of the City: it would be ironic if the new regulatory system was written off as inadequate by the world at large because of future irregularities in a portion of the City beyond its scope. Nor should it be thought that the "names" who pledge their fortunes to Lloyd's are necessarily less in need of protection against fraud than the more mundane investor; ultimately effective protection may be guaranteed only if the self-regulators at Lloyd's are answerable to a statutory agency.

The Government should make it clear that Lloyd's is still very much on probation—that the option of draconian legislation has not been ruled out. Already there are some signs that Lloyd's is backsliding on the programme of reform it agreed to in 1982: a tendency to return to bad old ways is also evident in the attempt to downgrade the job of chief executive, which led to the resignation of Mr Ian Hay Davison. If Lloyd's is to avoid new legislation and statutory controls, it has to demonstrate a more robust commitment to reform than has been shown in recent months. The quality of this commitment will be evident in the nature and terms of reference of Mr Hay Davison's successor.

Italy's new-style capitalism

THE SETTLEMENT this week of the struggle for control of Mediobanca, Italy's only real merchant bank, has a significance which goes well beyond the issue of the future control of the institution itself. The power struggle at Mediobanca, which is majority-controlled by the IRI state holding group but which has for 39 years served the interests of a small private sector elite, is a reflection of the profound period of change which Italian capitalism is now entering.

The change, which appears to be breaking down the oligarchic control of Italian industry and finance exerted by a tiny group of families, is very much to be welcomed. Several factors have come together to bring it about—political stability, the emergence of new entrepreneurs with a strongly international outlook, pressure from the Bank of Italy for more rigorous financial reporting and for more sophisticated capital markets, and a recognition by industry of the need to restructure its balance sheets and to reduce costs.

Great promise

All this holds great promise for a reinvigorated Italian private sector. The legendary dynamism and flexibility of flexibility of Italian entrepreneurs is not only alive and kicking, but the structure of the country's financial system is becoming more open—and, compared with the past 40 years, more pluralistic as well.

Italy is a country with one of the highest savings ratios in the world, but rigid exchange controls have traditionally limited investors to bank deposits, government bonds, property or a suitcase on the train to Lugano. Thus the extraordinary growth this year of new unit trusts has been a godsend. The unit trusts have attracted 600,000 individual investors and their investment funds have gone from zero to US$9bn in less than 12 months.

Fund managers have poured money into the Milan bourse which has had an impressive bull run. Unlike past Italian stock market booms this one is based on cash rather than speculative trading on account.

The boom has ben due in part to the improving cash flow from corporate Italy, but most of all to fresh liquidity chasing a limited supply of stocks. The Milan bourse, which has only 180 quoted companies (and fewer than 30 actively traded), badly needs more companies. Both state and private sector intermediaries should redouble their efforts on this front. Likewise the notable improvement in regulation by the Consob stock market authority needs to be consolidated.

For the large state holding groups — IRI and ENI — the stock market boom and foreign investor interest have presented an opportunity for the partial privatisation of a number of companies. This process raises cash for state companies, reduces the need for government subsidies and imposes more commercial discipline on managers. Italy's process of partial privatisation should not become—as it did last spring in IRI's abortive attempt to sell the SME foods group—a battleground for the political parties which regard state industry as part of their fiefdoms.

While innovation in the financial system continues, the oligarchic control of private sector industrial power has remained until recently unchanged. Newcomers on the industrial and financial scene as different as Mr Carlo De Benedetti of Olivetti or Mr Raul Gardini of the Ferruzzi agribusiness concern, are now challenging the old establishment. This is good, as it brings new blood—and new capital—to an economy which has great potential. The resolution of the Mediobanca conflict, which should see an eventual enlargement of the bank's private sector shareholders' group is a step in the right direction. Taken together the various changes underway should make the Italian private sector more competitive and less club-like.

If the Italian private sector is to continue to flourish, it needs a stable political climate and firm control over the public sector's finances. The disappointment is that the five-party governing coalition led by Mr Bettino Craxi has after two years still failed to make real cuts in runaway public spending. The huge annual budget deficit is the economy's most daunting problem. Unless all parties inside the Craxi government summon the courage to make serious spending cuts, the growth of the private sector will be severely hampered.

The EEC summit

Frustrations on the road to a freer market

Backers of radical reform: Giulio Andreotti (left) and Jacques Delors

Nein Danke!
No Thanks!
Non Merci!

Quentin Peel in Brussels reports on the prospect for next week's meeting of EEC leaders in Luxembourg

Worried about a Treaty redraft: Mrs Thatcher and Poul Schlüter

NOBODY likes to be told: "I told you so." But that is precisely the lecture at least seven EEC leaders are in danger of being given by Mrs Thatcher on Monday.

The British Prime Minister will join her colleagues at the Luxembourg summit, when Europe is supposed to be "relaunched" with a major package of EEC reforms, knowing full well that the outcome is certain to fall short of this ambition.

At the Milan summit in June, Mrs Thatcher warned against embarking on the painstaking exercise of rewriting the Treaty of Rome in order to revitalise the Community, arguing that the pursuit of the necessary consensus would merely delay progress in taking hard decisions to liberalise the market. But when Mr Bettino Craxi of Italy decided to call an unprecedented vote on the issue, Mrs Thatcher was left isolated in a disgruntled minority with Mr Poul Schluter, the Danish Prime Minister, and Mr Andreas Papandreou of Greece.

On Monday and Tuesday, when the result of the past months' labours comes back to the summit table, one of two results is likely: either the package will be modest in the extreme, focused on the very few key issues on which agreement has been possible; or the deal will be rejected by someone other than Mrs Thatcher.

Indeed, one very real possibility must be that the end result will be rejected by Mr Craxi himself, and his colleague Mr Giulio Andreotti, the Italian Foreign Minister, for falling so far short of the ambitions which they set out in Milan.

If the package is approved it will, however, centre on the two areas closest to British hearts: ways of speeding up the whole process of liberalising the internal market of the Community, of achieving that elusive goal of a Common Market as defined by the founding fathers; and a deal for closer co-operation on foreign policy beyond the purely commercial concerns which are already included in the Treaty.

There should also be a new plan for the European Parliament, giving MEPS a chance to amend EEC legislation, unless the member states agree unanimously to overrule them. But that is an issue on which Italy is adamant that reform must go further—to real co-decision-making—and Denmark is equally determined not to let it go so far. Mrs Thatcher is instinctively on the side of Denmark, but may just be able to stomach the Commission plan.

Treaty reform will therefore mean widening the scope of majority voting on measures needed to liberalise the internal market, including new responsibilities for the community such as co-operation on high technology and environmental protection, a modest package of new powers for the parliament, and a treaty on foreign policy co-operation. This last is the one area on which all the member states are already effectively agreed.

Even in the few days left, many upsets are possible. A big unknown factor is what the summit participants may decide to do about monetary policy. Mr Jacques Delors, the president of the European Commission has staked a large part of his reputation on getting the European Monetary System (EMS) written into the Treaty of Rome.

A completed Common Market, without some legal monetary capacity, would be a nonsense, he says.

His initiative has so far been blocked by the EEC Finance son, the British Chancellor of Ministers, led by Mr Nigel Law- the Exchequer, and Mr Gerhard Stoltenberg, the West German Finance Minister. Both are worried that institutionalising the EMS in this way would restrict the autonomy of their central banks to control monetary policy.

As at any summit meeting, the opportunities for political posturing and point-scoring are legion. The heads of government (and head of state, in the case of Mr Mitterrand) will only be good Europeans to the extent it will score them points back home.

But what of the substance behind the manoeuvering, and behind the dry legal language of formal amendments to the Treaty of Rome? If reforms are approved, what will they mean for the real activities of the European Community? And what are the consequences of failure?

When the EEC leaders split so publicly in Milan on the question of Treaty reform, the dispute took the limelight away from their unanimity on the issue of market liberalisation.

All 10 of the present Community, backed by their fellows from Spain and Portugal who join on January 1, backed the initiative of the Commission White Paper on the internal market, setting a deadline of 1992 for removing the remaining national barriers to internal trade.

This decision was supposed to complement the proposal to revise the Treaty. The reformists argued that without legal changes in the decision-making system, with more majority voting, the seven-year timescale could never be achieved. Mrs Thatcher argued that treaty amendment would only be an excuse to delay getting on with the job.

So far at least, the two moves appear to have gone in opposite directions: as the treaty reform process has gathered pace (if not substance), the momentum of the internal market initiative has shown signs of running down.

That is not to say nothing has been achieved. Decisions are being taken on internal market questions at a speed which would have been inconceivable two years ago.

A whole new approach to the setting of industrial standards has been launched: where detailed harmonisation proves too complex, mutual recognition of the differing national standards will take its place. Seventeen years of debate were brought to an end in June with an agreement to allow architects the freedom to practice where they will in the Community.

The first effort to liberalise capital movements since 1963 has been agreed by the Finance Ministers, with the decision finalised just this month on common rules for unit trusts and mutual funds to operate across EEC frontiers, from 1989 at the latest.

The White Paper timetable required the Council of Ministers to take decisions by the end of the year on 61 measures. So far they have decided eight in full, and one in part.

Of the remaining 52, 11 are related to food law, and 18 to veterinary controls.

When Lord Cockfield, the British Commissioner responsible for the internal market, presented his White Paper with great passion last June (it was "probably the most important thing this Commission will do in its lifetime") he agreed that institutional changes were necessary to speed up the whole process further. He may now be regretting that judgment.

The White Paper was geared to a gradual approach. It set a timetable for achieving more than 300 different proposals for removing national barriers. It began with relatively easy ones, leaving the most divisive issues, such as the harmonisation, or at least approximation, of indirect taxation, and the final removal of all physical frontiers, until late in the period.

The decision of the Milan summit to embark on wholesale treaty reform has upset that gradual approach. It has brought the most difficult questions of national sovereignty right to the forefront of the debate.

One problem is that completing the internal market means different things to different people. The White Paper itself had a dual inspiration.

On the one hand, it owes part of its conception to the UK Government, keen to re-establish its European credentials in the aftermath of the bruising budget dispute to reduce British net contributions to the Community. Completing the Common Market was lighted upon as the perfect vehicle, combining national self-interest (in breaking down the remaining barriers in lucrative areas like financial services) with visible Europeans ambitions.

The second driving force came from Mr Jacques Delors, who took over as president of the European Commission in January. He was looking for the issue which would revitalise a Community increasingly prone to the self-inflicted disease of "Europessimism," and showing ominous signs of getting locked into a pattern of slow economic growth with no cut in unemployment, languishing behind the rapid technological advances of the US and Japan.

Mr Delors, however, went rather further than Mrs Thatcher and her advisers had envisaged. He linked the idea of the single internal market with a vision of "Europe sans frontieres"—a border-free Community which would bring home the reality of a united Europe to its ordinary citizens. Not only businessmen, but individuals too, would benefit from scrapping frontier formalities, residence requirements and exchange controls.

That differing view of what the Common Market really means goes to the heart of the continuing debate. Should it be given a political definition (Europe sans frontieres) or simply an economic one (a market without barriers to the free movement of people, goods, services and capital)?

"The idea of a European space without frontiers is the cornerstone of the relaunch of Europe," Mr Delors declared this week, as the Foreign Ministers sought once again to whittle down his reform plans.

To some it is even more than thato: it is an integral part of the move towards the still nebulous goal of European Union. That, certainly in Italy and in the Benelux countries too, should be the end-goal of the conference.

Mr Delors and his fellow proponents of full-scale reform — like Mr Andreotti, the prime architect of the current conference—believe in what might be called the Big Bang theory. They see completion of the internal market as a key part in a resounding recovery of the European economy.

Their idea is that the reform process should inspire the private sector to invest for the large market, and thereby create a virtuous circle of self-fulfilling accelerated economic growth. The package would include much-increased EEC support for co-operation in research and development, on the lines of the Esprit programme for information technology.

What is needed from the Luxembourg summit, according to that way of thinking, is a very visible shake-up of the EEC institutions, including a greatly increased role for the European Parliament.

After three months of unremitting toil, the inter-governmental conference on reform is not going to produce anything so dramatic. It may indeed, as Mrs Thatcher warned, produce nothing at all, for lack of the unanimity required for any amendment to the Rome Treaty. The consensus simply does not exist among the Ten, soon to be 12.

If the package does survive, it will increase the area of decision-making which can be done by qualified majority voting (based on the weighted votes of the member states according to size) rather than the present requirement for unanimity. For example, recognition of professional qualifications in fields like banking and credit institutions, or liberalisation of air transport, could no longer be blocked by one or two member states alone.

But it still begs one crucial question. The negotiators have completely failed to tackle the subject of the so-called Luxembourg compromise — the tacit agreement supported by the UK, France, Ireland, Denmark and Greece, and most recently used by West Germany, which allows them to prevent a vote being taken by citing their "vital national interest." It was clear from the start that it could not be negotiated away, so it has been ignored.

Thus even majority voting cannot override a "vital national interest." Only a rush of political will power to the head can do that. In recent years that commodity has been singularly lacking in the EEC.

Men and Matters

Summit breakdown

European technological co-operation was high on the agenda of yesterday's bilateral summit in London between Mrs Thatcher and Chancellor Helmut Kohl of West Germany. But Britain's initial contribution could not have inspired the Germans with much confidence.

The simultaneous interpretation system broke down frequently during the press conference given by the two leaders until finally even Kohl had to admit that Mrs Thatcher's silvery tones were not getting through to him.

That was just the beginning. Eventually the lights went out and the microphones went dead, leaving the Prime Minister inaudible beyond the front row.

To add insult to injury, the press conference was held in the Institute of Civil Engineers, a location which might have been expected to provide more fool-proof technical facilities.

Reporters, of course, will be blamed as usual for getting their facts wrong. But who will ever know what they were in the circumstances?

All out

Firemen at the Bank of France came perilously close last week to extinguishing all its monetary activities with a strike. The central bank was "paralysed" totally for one day, and partially for another.

All this was admitted as business returned to normal this week. "We are accustomed to work with discretion," said a bank spokesman. "If we had announced that there was a strike, people might have been alarmed. There could have been a rush on the cash dispensing machines."

Deliveries of banknotes to the machines, like civil servants' salary payments, were delayed, and cheque processing held up as the firemen's industrial action over pay and job status fanned smouldering grievances among the rest of the Bank's staff.

The firemen, who also carry out a range of security duties, added to the chaos by locking doors and turning off the electricity.

Only the personal intervention of the Governor, Michel Camdessus, secured a settlement.

The strikes will have delayed the compilation of money supply statistics, says the Bank. But in a country which has never exactly embraced monetarism with any enthusiasm, that may not be noticed. French money supply figures are usually four or five months behind the times.

Flat spin

The Government is to announce yet more generous terms for tenants who want to buy their council flats. But what is a flat?

"I was so depressed at the thought of us becoming a fourth rate nation—I took the rest of the day off"

The Department of Environment has a ready answer. Under Chapter 1 of the Housing Act 1980, it says, a flat is any dwelling house that is not a house.

So what is a house? Here the DoE draws a deep breath.

"A dwelling house is a house if, and only if, it (or so much of it as does not consist of land included by virtue of Section 50 (2)) is a structure reasonably so called: so that (a) where a building is divided horizontally, the flats or other units into which it is divided are not houses; and (b) where a building is divided vertically, the units into which it is divided may be houses; and (c) where a building is not structurally detached it is not a house, if a material part of it lies above or below the remainder of the structure."

Not the sort of place where I would feel at home . . . .

First yacht club?

The Foreign Office breeds a sense of humour as London's diplomatic writers found this week when they invited Sir Geoffrey Howe and several of his predecessors to supper.

Everyone had a joke on his lips. There was the story of former Labour Prime Minister, Lord Wilson, remarking that Lord Home's family must go right back to the Ark—to which Home replied: "Yes, but they had their own boat."

Sir Geoffrey, recounted that his wife, Elspeth (a former deputy chairman of the Equal Opportunities Commission), had once made a speech in East Africa which was reported under the headline: "British sex act explained."

Screen tests

Personal computers are getting a lot more personal these days. After the programmes that analyse your sales expertise, your management ability and your IQ, there is now a programme on sale in the US that rates your sexual performance.

Designed for those who are too shy to talk about their sex life, the programme asks lots of very detailed questions about what you do, how often and with whom. It then tells you how your behaviour compares with the rest of the world's.

The psychologists who developed the "Intracourse" programme—and presumably know all about such things—say: "It covers the spectrum of sexual phenomena ranging from specific behaviour to broad issues such a personality and compatibility."

It has already been acclaimed by Dr Joyce Brothers, US author and broadcaster. The programme, she suggests, "makes it possible to investigate unexplored and untapped features of an individual's sex life. Many may benefit from the knowledge which they acquire from this product."

But while she sees it as a computerised sexual therapy session, struggling computer sellers look to "Intracourse" to boost their sales. Computer stores in the US are eagerly advertising the programme, hoping to attract new buyers.

"This could do for computer sales what Pac-man did for video games," says one enthusiastic salesman.

But if none of this turns you on, the technologists will soon provide an alternative emotional relationship with your computer.

According to the Japan High Tech Review, a US newsletter, the Japanese are well on the way to creating an "emotion computer," able to show sorrow, anxiety, pride and love.

Modelled, apparently, on a female Japanese college student, the computer will, for example, show disdain for anyone it does not like, or pour love upon its favoured owner. Simplified versions of the computer programme for home robots and home computers should be available within two or three years — so don't despair.

Observer

Economic Viewpoint

No magic rule for setting budget deficits

By Samuel Brittan

READERS OF this column will notice that I have avoided giving absolute rules for the permissible size of the budget deficit either in general or for any particular country.

Monetary and fiscal policy have been treated as two instruments for influencing the growth of demand in money terms.

Of course the same growth of nominal demand can be achieved by varying mixtures of fiscal and monetary policy.

Nor are the consequences of different mixes all that mysterious. In a closed economy a tight monetary policy offset by a loose fiscal policy will tend to favour consumption at the expense of investment, which will be discouraged by higher interest rates.

In an open economy, the possibility of international borrowing may limit or even eliminate the effect on investment, but at the expense of a current payments deficit and worsening official international indebtedness. If financial confidence can be preserved, the overseas funds which are attracted may also boost the exchange rate and reduce the inflation rate. Thus more of any given increase in Nominal GDP will be real growth and less will be dissipated in rising prices. These are all features of recent US policy since the election of President Reagan five years ago.

The beneficial effect on inflation from Reaganomics is possible only if other countries abstain from following suit. We cannot all appreciate our currencies against each other.

The theoretical limit to Reaganomics is the saturation of overseas dollar portfolios as external deficits build up and confidence wanes. The US Administration, under the influence of Mr James Baker, Treasury Secretary, is, however, trying to reverse the twin deficits (trade and budget) long before the confidence limit is reached.

On comparable definitions, the US budget deficit is no higher than the OECD average. We know that it is excessive only when we look at other indicators: the rise in US domestic investment, the low savings ratio and the soaring trade deficit.

In the case of Britain there is an obvious connection between a strong pound and the reduction in inflation. But a strong pound has its costs. Net exports are less than they would otherwise be and the high interest rates required to keep sterling strong dampen domestic activity. These considerations suggest some fiscal stimulus—lower taxes or higher public spending—to offset high interest rates and a strong pound.

The limits on British Reaganomics are, in principle, no different from those on the US variety, although they are reached rather earlier, given the fact that international debts are denominated in dollars much more than in sterling, and that there is—for the time being—more confidence in US than in British anti-inflationary virtue.

The main disadvantage of British Reaganomics is the trend towards current account deficits, which I have previously discussed, and which is for the time being obscured by the improvement in the terms of trade. Quite apart from any question of confidence and sustainability, net overseas borrowing makes very little sense for a country which is still more than self-sufficient in oil but may face a fairly steep rundown in production around the turn of the century.

Thus there is little sense in trying to run a high real sterling exchange rate in the longer term, and the point of the present high nominal rate is to shock British employers into controlling their domestic costs, which means *inter alia* a much tougher attitude on pay. The case for joining the EMS is that it will make this shock more credible and more effective.

If, with or without the EMS, the high sterling policy succeeds in reducing inflation and inflationary expectations, then interest rates can fall and overseas competitiveness will recover. Thus the need for a fiscal stimulus to offset tight money and a strong pound will wane.

This, after all, is only common sense. Public sector deficits are negative savings; and reduced savings mean reduced domestic investment, or overseas borrowing and current account deficits. Fiscal policy can play a part in demand management in the short to medium term. But in the unlikely event of demand in money terms growing to slowly in the longer run, the cure lies in monetary policy, which is from this point of view more fundamental.

In all the above, I have carefully refrained from defining what is a neutral position for the budget deficit or government borrowing from which occasional shifts into relaxation or stringency can be made. Implicitly it depends both on the reaction of the financial markets—i.e. what can be financed without recourse to the banking system or inducing penal interest rates—and on the behaviour of the current balance of payments. If you like, it is a policy of "suck it and see."

It is not sensible to take zero on the UK Public Sector Borrowing Requirement (or any alternative measure of the deficit) as a benchmark. A zero deficit is too stringent because it ignores the capital element in public spending, and the effects of inflation on budget accounting and would also involve getting rid of the automatic stabilisers which enlarge the deficit in recession and reduce it in boom.

There are other ways, however, in which the published PSBR overstates the stringency of policies. These include the treatment of asset sales as reduction of the deficit instead of of financing it, the temporary as (perfectly legitimate) ways and declining nature of North Sea oil revenues and overhang of unfunded pensions liabilities. Indeed some government critics attack in both directions at once—accusing the Chancellor of selling the family silver, while saying that policy is "too deflationary," without bothering to notice the contradiction.

Two main ways have been suggested out of this jungle. One is to maintain a stable ratio of public sector debt to GDP. The other is to stabilise "public sector net worth." Neither offers a convincing set of rules, although both offer some clues en route.

The clearest explanation of the public sector debt ratio is to be found in the London Business School Economic Outlook of February 1985. Suppose that the object of policy is to stabilise the ratio of public sector to GDP—which now stands at around 0.5. Then the PSBR (net of assets sales) as a proportion of GDP must equal the increase in Nominal GDP multiplied by 0.5. For what this is worth, it gives a figure for 1986 of £11½bn. to £12bn, excluding assets sales, or £7bn on the Treasury definition—a figure which will be already familiar to students of the Medium Term Financial Strategy.

The "debtist" formula nevertheless poses more questions than it answers. What is so magical about the 0.5 debt to GDP ratio? As the chart shows, it has often been much higher in the past, not only after World Wars One and Two, and the Napoleonic Wars, but in the interwar period.

While the transition to a higher ratio would enable taxes to be cut, once the new ratios were attained, interest payments would quite probably increase by so much that taxes would eventually be higher rather than lower.

The alternative goal of stabilising public sector net worth is explained most comprehensively in an article by two Treasury economists, J. Odling-Smee and C. Riley, in the August, 1985, NIESR Review. The basic argument is that public sector debt should move in line with public sector assets. Thus borrowing to finance public investment recently, running at 0.8 per cent of GDP, is legitimate. On the other hand when assets are sold, borrowing should also be reduced to prevent a deterioration in the state's balance sheet.

There are many unresolved problems. What is public sector net worth now? A heroic estimate by the Institute of Fiscal Studies, including unfunded pension liabilities put it at about minus £100bn at the end of 1982.

There are also more practical problems such as the valuation of public sector fixed assets. The absence of a profitability test for most public investment must reduce the value of the current-capital distinction.

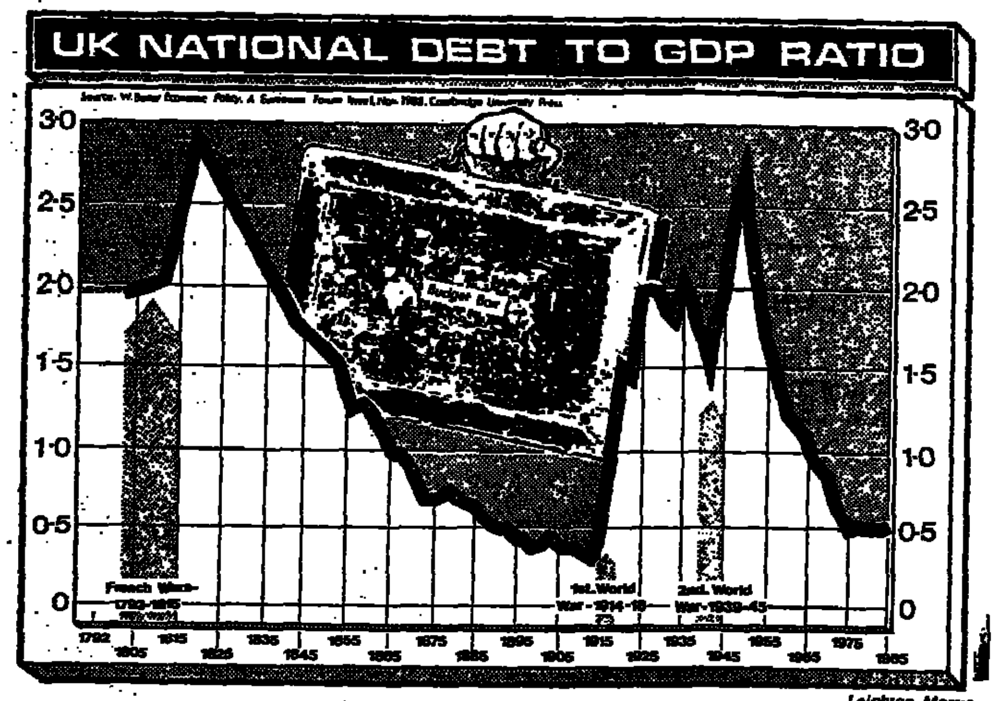
But above all no one has explained what should be the target level of public sector net worth. Should a collectivist want it high and an indificualist want it low? Or negative? The need for a cold towel around one's head soon takes over.

Public sector net worth may have some uses at the margin. To preserve the present value of North Sea oil a large part of the revenue in the early years should be ploughed back into PSBR reduction or asset purchase. This would then leave, according to Odling-Smee, nearly £3bn per annum permanently available for tax reduction. The implication is that when North Sea revenue falls, less need be ploughed back into PSBR reduction.

Several commentators, including the LBS and Gavyn Davies, have said that the prospective reduction in North Sea oil revenues of nearly £3bn in 1985-86, below previous estimates, might be disregarded for "net worth" reasons. But so should the increased revenue from asset sales of a roughly similar amount, thus leaving broadly unchanged the original objective of a £7¼bn PSBR for 1986.

Even this conclusion, however, assumes that adequate provision has hitherto been made in PSBR policy for the temporary nature of oil revenues. This is a question impossible to answer in the absence of any consensus on what the PSBR should have been, oil apart.

The short-term macroeconomic considerations and longer term analysis of implications for savings, investment and international indebtedness with which I began this article are likely to be better guides to budgetary policy than any supposedly more fundamental "rule" so far enunciated.



Leighton Morris

Lombard

Entrepreneurs need markets

BY GUY DE JONQUIERES

CALLS by European member governments for more open public procurement are a well-worn EEC ritual. Their clockwork regularity has long been matched only by their repeated failure to produce much in the way of results.

Invariably, good intentions stumble on governments' anxieties about their national trade balances and on doubts among local supplier industries about the advantages of sacrificing captive home markets for the opportunity to compete elsewhere in Europe.

Here is a modest proposal which could offer some of the economic benefits of really open EEC purchasing policies without directly threatening those vested interests in a position to block it. European governments should commit themselves to awarding substantially more of their £200bn-a-year procurement budgets to small companies. Ideally, there should be an EEC-wide programme, but concerted national measures would be a start.

Creating a climate in which small companies can grow big fast is vital to Europe's economic health, particularly in the high-technology sector. In the US a remarkably large number of commercial innovations in electronics in the past 20 years have been pioneered by new companies, which have shown much more risk-taking enterprise than large established companies.

Yet in most European countries two of the biggest high-technology markets, defence and telecommunications, are near-monopolies dominated by a few big, entrenched suppliers. In many cases, the leading companies are the same as they were decades ago.

If they had shown equal tenacity in cornering world high-technology markets, Europe would have little to worry about. But too often, protected home markets and government subsidies seem to have discouraged rather than stimulated large European companies from venturing out boldly on the international scene.

In any club, the oldest members are the least likely to want to change the rules, especially when they make for a quiet life. Arrangements which would enable more small companies to compete for admission could give a healthy boost to innovation and help loosen the rigid structure of Europe's electronics industries.

By setting clear limits on the size of eligible entrants, governments could avoid opening the door wide to powerful US and Japanese competitors. Many of the latter are, in any case, already adept at surmounting intra-EEC trade barriers. The real victims of Europe's protected markets are often its own struggling entrepreneurs.

As venture capital funds proliferate on this side of the Atlantic, lack of financing now seems less of a problem than scarce market opportunities for small European companies. Increasingly, large cash-rich companies such as GEC, British Petroleum and Siemens are investing in "start-up" businesses. But how many are prepared to risk the same sums buying from new and untried suppliers?

A recent study of UK defence contracting by the Small Business Research Trust suggests that small companies can be at least as ingenious and efficient suppliers as big ones. It argues that the major obstacle for small companies is not lack of suitable skills but of information about official procurement needs.

It is estimated that about 10 per cent of direct defence contracting is placed with small firms in the UK. In the US, by contrast, small businesses accounted directly and indirectly for a third of the Pentagon's $124bn procurement last year.

The discrepancy is no accident. Since the 1950s, US policy has consciously discriminated in favour of the little guy through the Small Business Act. Among other things, this requires tenders for federal government contracts to spell out sub-contracting plans in detail, and in certain cases restricts bidding to small companies.

Further study of the US approach might pay dividends in Europe. Public procurement is no substitute for open competitive markets. But a fairer division of the spoils would at least help Europe's corporate minnows to swim uphill. Who knows, some of them might even grow into big fish themselves one day.

Letters to the Editor

Joining the EMS

From the Treasurer, Labour Economic Policy Group

Sir,—Why does Sir Terence Beckett rejoice (November 22) because Mr Samuel Brittan has now joined those who want us to charge over the cliff by joining the European Monetary System now or in the foreseeable future?

The evidence which the Confederation of British Industry gave to the Treasury Committee on this question was astonishing for its lack of perception. It did not realise that British industry was bound to suffer under a fixed exchange rate limited to the Ecu because importers would gain far more than exporters. The EEC accounts for only 39 per cent of our exports of manufactures compared to over 50 per cent of our larger imports. It then proceeded to blame its members for the mess we are in by attributing much of this to "non-price-competitiveness," not realising that there is no such thing as a free lunch in business and that as an explanation of what has happened since 1979 it could only stand up if the situation had actually got worse under the Government!

The truth it ignores is that all factors of production have to be paid for and that firms which are fighting for survival as a result of an increase in the real exchange rate cannot match the competition in every respect.

The reality the CBI must face is that in the absence of tariff protection against imports from the EEC the real exchange rate against the D-Mark has got to fall by 30 to 35 per cent to enable us to get back to full employment. The policies which the CBI favours were tried and failed in the 1920s. The policies we need are those of the 1930s—a competitive exchange rate backed by an accommodating money supply. We became the most instead of the least successful industrial country in the world. We could do the same again, particularly if we followed the advice of Lester Thurow in again putting an end to free trade with the Continent.

Shaun Stewart,
73 Albert Street, NW1.

Poacher turned gamekeeper

From the Chairman, Addison Tool

Sir,—I refer to Sir Terence Beckett's letter (November 22) on Samuel Brittan's conversion to the European monetary system—I wonder is he any way related to the Mr Terry Beckett who was responsible for giving Ford workers the highest wage increases ever and is now preaching wage rises of inflation minus 2 per cent?

Edward Addison.
Westfields Road, W3.

Military space research

From Dr A. Arbatov

Sir,—May I make a few observations on David Fishlock's article concerning "star wars" on November 21?

I would like to deal with the idea—which has formed a major part of the U.S. administration's pro-"star wars" campaign—that the Soviet Union is engaging in a similar defence programme.

Of course, it is true that the Soviet Union is engaged in militarily-orientated space research. But this research is limited exclusively to early warning, navigation, communication and surveillance satellites. The USSR has not developed space strike weapons, nor conducted any preparations for the deployment of large-scale ABM systems, nor is it testing prototypes of weapons for these purposes.

It is also true that there is an ABM system around Moscow. But this is strictly in line with the ABM treaty which allows such a system in one region with a radius of 150km. This system is being upgraded within agreed-on limitations and no mobile systems or advanced launchers are being developed within it.

There is the question of the Krasnoyarsk radar—Mr Fishlock refers to allegations that this is in breach of the ABM Treaty. The treaty does indeed ban the deployment of radars for early warning of strategic nuclear missile attack except along national borders. But the negotiated "F" declaration appended to the treaty exempts radars for the tracking of space objects from this ban. The Krasnoyarsk radar is simply not designed for ABM purposes. The Soviet Government's recent goodwill gesture in offering to halt its construction in return for a halt on similar work at sites in the west has been brushed aside by the US administration—a sign that it does not take its own allegations very seriously.

I would like to refute the suggestion, repeated in Mr Fishlock's article, that "star wars" represents a shift to ideas of "nuclear defence." This misses the intimate interconnection between offensive and defensive weapons.

The "strategic defence initiative" aims to give one side the possibility of launching a first nuclear strike immune from the threat of retaliation. Consequently, the result of attempts to develop and deploy the system would be efforts to enhance missile survivability against a first strike, the construction of more (and more sophisticated) missiles, the development of new offensive weapons systems and a search for means of countering the ABM systems themselves.

It is clear that all this would result in worse prospects for limiting and reducing offensive strategic arms and an unrestrained arms race in space.

(Dr) Alexei Arbatov.
Institute of World Economics and International Relations,
c/o Novosti Press Agency,
4, Zubovsky Boulevard,
Moscow 119021.

Non proliferation contravention

From Mr D. Lowry

Sir,—Your newspaper is to be congratulated on publishing the three clearly written feature articles on the technologies of the Strategic Defence Initiative (November 13-15).

It was extremely disturbing to read of the prospective intermeshing of fusion research at Culham with Los Alamos' work on particle beam weaponry. The problems of getting fusion technology to work are serious enough, as Lord Marshall of Goring's maiden speech in the Lords in early October exemplified, without tarring it with military connections.

While David Fishlock is correct to point out the problem of testing the nuclear pulsed X-ray laser without contravening the Partial Test Ban Treaty (PTBT), serious additional problems lie ahead, assuming the X-ray laser can be perfected, when it comes to deployment. Much has been written about the effects upon the ABM Treaty, but barely a mention made of the certain contravention of article I of the Non Proliferation Treaty (NPT). This article prohibits the transfer of nuclear explosive devices to any recipient whatsoever. Were the allies of the US to be involved in the R and D stage on the X-ray laser, there is a prima facie case that the NPT would be violated. Moreover, were the US administration to share the X-ray laser with the Soviet Union as part of a long term SDI agreement, this sharing of a nuclear explosive device, would certainly undermine the letter and spirit of the NPT.

At the NPT review conference in Geneva both the US and USSR, as NPT depository states, claimed they fully supported the aims of the NPT and indeed professed the desire to strengthen the treaty. Yet it is obvious that the US and USSR, as lead nations for each military pact (Nato and WTO) actively support the transfer of operational nuclear weapons to seven allies in the former case, and four in the latter, despite the commitment made by each under the NPT.

If the world is to take seriously the expressed concerns about treaty violations voiced by both summit states, sooner or later they will have to sort this one out too.

David Lowry.
European Proliferation Information Centre,
258, Pentonville Rd, N1.

Shareholder action

From Mr P. Welham

Sir,—I am rather concerned at remarks attributed to European Ferries chairman Mr Ken Siddle in the article by Charles Batchelor on November 14.

In the article Mr Siddle is said to be "sceptical of the role of the action group. We did not bend to their will," he says. "It was Mr and Mrs Average writing in which persuaded us to change the scheme."

Let me jog Mr Siddle's memory. The European Shareholders Action Group was formed by Col James Lloyd Bostock and myself and with the support of several hundred shareholders. Prior to the AGM we received some Press publicity and as a result S. G. Warburg invited us to a meeting to discuss our opposition to the proposed scheme of arrangement. Mr Siddle was present at that meeting.

We discussed the situation at length and we made it clear that our opposition centred around shareholders being disenfranchised and the proposal to phase out the shareholders' travel concession. We were asked if we would continue to oppose the scheme of arrangement if the new preference shares were given the vote and if the travel concession was extended indefinitely. We said we would not.

Col Lloyd Bostock and myself both spoke against the scheme at the AGM and after the meeting failed to approve the scheme the meeting was adjourned.

An amended scheme was later drawn up and on behalf of the action group Col Lloyd Bostock and myself were asked to add our recommendation, which appears on the first page of the document.

I am surprised that this episode has slipped Mr Siddle's memory. Col Lloyd Bostock and myself are unlikely to forget it: we were both visited in our homes after midnight by a Warburg emissary who required our signatures to the vital document.

Peter Welham.
Flat 1,
4, Adelaide Crescent,
Hove.

FINANCIAL TIMES

Thursday November 28 1985

STOLTENBERG STANDS FIRM ON POLICY OF STEADY ECONOMIC EXPANSION

Bonn refuses to stimulate growth

BY RUPERT CORNWELL IN BONN

MR GERHARD Stoltenberg, the West German Finance Minister, said yesterday that the Government had no intention of bowing to pressure to stimulate the economy further by boosting domestic demand.

He told the Bundestag that Germany, with its combination of steady growth, minimal inflation and falling borrowing by the state, was ideally placed to achieve sustained expansion, carrying with it the hope of new jobs, in the years ahead.

Mr Stoltenberg was speaking on the final day of the wind-up budget debate in Parliament, which approved the draft 1986 budget's total federal outlays of DM 264.3bn ($103bn) and a public sector borrowing requirement of DM 23.7bn, equivalent to little more than 1 per cent of gross domestic product.

The Finance Minister flatly ruled out any acceleration of the DM 9bn of tax cuts planned for 1988 and due to follow the DM 11bn cuts package that will come into effect next year. He said the overriding priority was to push through a sweeping overhaul of the entire structure of income tax, once the federal elections of early 1987 were out of the way.

The unshakeably confident tone of his speech and its emphasis on the future, are further proof of how the centre-right coalition under Chancellor Helmut Kohl expects its record on the economy to be a key factor in carrying it to success.

Mr Stoltenberg left no doubt that he believes West Germany's current policies are right, both for the domestic economy and for the strategy – elaborated by the finance ministers of the "Big Five" industrial nations at their September meeting in New York – of creating a better equilibrium in the world economy.

Implicitly rejecting complaints from Washington that Bonn was not doing enough to help bring down the dollar, he referred to the "clear revaluation" of the D-Mark against the US currency. Since the meeting, he declared, the European currencies had climbed by over 11 per cent against the dollar.

He warned that although things were moving in the right direction on the currency front, this success on its own did not address the underlying causes of the economic difficulties of the US. "Until Washington decisively reduces its budget deficit, the US will be forced to attract foreign capital with excessive and distortingly high interest rates."

Bonn, for its part, believed that tax cuts would fit to be earned. "There is no way in which we will repeat the mistake of the US three years ago, in believing that tax cuts would finance themselves without any corresponding cut in public expenditure." Because of that, he emphasised, the Americans were now suffering "a giant mountain of debt."

Mr Stoltenberg also seemed to imply that exchange rate discrepancies between the D-Mark and its main European competitor currencies would have to be tackled largely by adjustments to the latter.

It was 2½ years since the last major realignment in the European Monetary System (EMS), he pointed out. Inflation rates had continued to differ sharply, leading to inevitable changes in the competitive positions of individual countries. Many of Bonn's partners could only make up for that by maintaining very high interest rates, "in extreme cases of up to 15 per cent".

New figures yesterday from the federal statistics office showed that West German inflation, on an annual basis, was only 1.8 per cent in November. Import prices, moreover, fell in October by 2.8 per cent, meaning that they were 4.7 per cent below the level of October 1984, thanks largely to the appreciation of the D-Mark against the dollar.

Paris fails to meet budget deficit target

BY PAUL BETTS IN PARIS

THE FRENCH Socialist Government has failed to contain its 1985 budget deficit to 3 per cent of gross domestic product (GDP) because of a combination of additional expenditure and a shortfall in estimated fiscal revenues totalling FFr 9.4bn ($1.21bn).

The Government had sought to maintain the deficit this year at FFr 140.2bn to hold the deficit down to President François Mitterrand's target of 3 per cent of GDP. However, the deficit will now total FFr 149.6bn as a result of FFr 6.8bn in extra spending and a FFr 2.6bn shortfall in fiscal receipts.

The Finance Ministry has also revised downwards France's overall GDP this year. This, combined with the deficit overrun, will leave the deficit at 3.27 per cent of GDP compared with 3.44 per cent in 1984. Finance Ministry officials claimed yesterday that the deficit overrun this year was smaller than the average in past years, when the difference between the original deficit estimate and the final figure has reached FFr 20bn or more.

Officials also explained that the Government had sought to establish the final size of the 1985 deficit at an earlier stage than usual because it wanted to avoid the risk of turning the deficit into a political issue in the new year before the March general elections. By acting now, and reporting a relatively modest overrun, the Government hopes to smother any debate on the state deficit before the election campaign hots up.

The shortfall in fiscal receipts this year reflects slower revenues from corporate taxes of FFr 5bn, which were not offset by higher receipts from income tax and value added tax.

The additional expenditure involved an increased FFr 3bn contribution to the EEC and higher debt charges, not as a result of an increase in the volume of France's debt but because interest rates fell by less than the Government had estimated originally.

The Government is also planning to reduce the total of government-subsidised credits next year as part of continuing budgetary economies and its efforts to encourage greater competition in domestic financial markets.

Subsidised loans to industry directly financed by the state budget are due to fall to FFr 12bn next year from FFr 18bn this year and FFr 35bn in 1984. The Government Industrial Modernisation Fund, financed by a savings book which offers investors tax-free interest, is also expected to see its available funds reduced from FFr 11bn this year to FFr 9bn next year.

The Finance Ministry believes that subsidies can increasingly be replaced by new instruments such as, for example, the introduction of a commercial paper market in France next month, which provide alternative funding tools for enterprises. With the general decline in domestic interest rates, the Government also feels it can reduce subsidies.

Opposition privatisation pledge, Page 2

Gatt moves towards convening new global trade talks

By William Dullforce in Geneva

THE ANNUAL meeting of the General Agreement on Tariffs and Trade (Gatt) is poised to take a decisive step towards convening new global trade negotiations next year.

Five key countries and the European Community reached an informal agreement yesterday that a committee should be appointed by the annual meeting to prepare the negotiations, without any preconditions imposed on the scope of its discussions.

The six were the US, the European Community, Switzerland, South Korea, and Brazil and India – the two principal opponents of new negotiations that would incorporate trade in services. The trade in services controversy had threatened to block all progress.

If the backroom agreement survives today, the stage will be set for the eighth round of Gatt negotiations since the system of international trading rules and obligations was set up after the Second World War.

The agenda for this still unnamed eighth round promises to be the most difficult yet. Previous rounds were concerned mainly with mutual concessions on import tariffs. The last negotiation, the Tokyo Round, which lasted from 1973 to 1979 opened the door on much wider topics.

Formal agreement today to prepare for full-scale negotiations, probably late next year, will come as a relief to many governments. Economic advisers have been warning that rising protectionism and proliferating non-tariff barriers to trade might lead to the collapse of the Gatt system itself.

Yesterday's compromise might signal the end of several years of acrimonious debate in which the interests of north and south have often seemed irreconcilable. Tensions between the trading superpowers – the US, Europe and Japan have also been multiplying.

The informal agreement between the six was presented last night to a larger group of some 30 countries by Mr Felipe Jaramillo, the Gatt chairman, and is expected to be tabled today as a draft resolution before the full Gatt meeting.

An essential element of the agreement is that discussions about how to deal with trade in services will continue within an existing Gatt committee, set up last year. Discussions in that committee will not, however, preclude the preparatory committee from talking about services.

Greece aims to boost social spending

Continued from Page 1

The overall increase in public investment expenditure will be restricted to 15.9 per cent at current prices.

Most government ministries face austerity budgets next year. The notable exceptions are education, for which expenditure will increase by 22.8 per cent, and health and social welfare, earmarked for a 23.8 per cent increase.

According to the Finance Minister, Mr Dimitris Tsovolas, maintaining the real level of spending in these sectors shows that, despite the adverse economic circumstances the Socialists are sticking to their "social policy."

Public sector debt repayments are expected to go up by 44.4 per cent in 1986, reflecting, according to the budget, the repayment of loans taken out by previous administrations and the rise of the dollar as much as an overall increase in the public debt.

On the receipts side, the Government prides itself on the fact that the budget introduces no new direct taxes. Nevertheless, the budget plans a 32.4 per cent increase in revenue from direct taxation, which the Government hopes to achieve through a crusade against tax evasion, reinforced by the gradual elimination of tax privileges and the stricter taxation of farmers.

By contrast, the Greeks can count on a hefty jump in indirect taxes, notably by 40.4 per cent on alcohol, 23.1 per cent on tobacco and 14.3 per cent on fuel.

Net receipts from the EEC are expected to decline by 2.7 per cent to Dr 103.2bn next year. This will mainly reflect a 121.3 per cent jump in Greece's contribution to the Community budget. From next January this will be computed on the so-called VAT (value-added tax) system used for other EEC members, rather than on the basis of the country's relative GDP as has been the case.

Voest-Alpine loss soars again to exceed previous day's forecast

BY PATRICK BLUM IN VIENNA

EXPECTED losses at Voest-Alpine, the troubled Austrian industrial group, were adjusted upwards yesterday for the third time in a week. The state-owned group is now expected to lose Sch 5.7bn ($317m), according to the Austrian Government.

The new forecast followed the resignation on Tuesday of Dr Heribert Apfalter, the chief executive, and the entire managing board after the disclosure that Voest-Alpine was set to lose Sch 4.2bn.

Oiag, holding company for the country's state industries, suggested only a week ago that Voest-Alpine's losses would reach a record Sch 3bn, excluding an expected Sch 2bn deficit at its troubled Vereinigte Edelstahlwerke (VEW) steel unit – which is accounted separately from the Voest group. Voest-Alpine lost Sch 2.4bn in 1984.

The latest upward revision in expected losses was largely a result of a forecast Sch 2.4bn deficit at Voest-Alpine Intertrading, an affiliate company deeply involved in speculative oil deals.

Austrian ministers appear to have been taken completely by surprise at the scale of the losses. The Government has moved fast to appoint a new president for the group, who is expected to take up his post next week after formal approval by the Oiag board.

The latest forecast was greeted almost with disbelief. One government official said yesterday that he sincerely hoped that there would be no further adjustments.

The Government yesterday made clear that drastic changes would have to be made in the group, with restructuring including, possibly, splitting it into new divisions and companies. A plan for the company would have to be worked out by its new management and approved by Oiag and the Government before a financial aid package was agreed.

Mr Ferdinand Lacina, the minister in charge of state industry, has staked his reputation on turning round the loss-making group. He said yesterday that Voest-Alpine would have to make a profit within three years or face closures. "The next tranche of subsidies is the last one," he said.

The Oiag group of companies was given Sch 16.6bn in state aid three years ago, of which all but Sch 5bn has been used. Apart from Voest-Alpine and VEW, all the others had considerably improved their performance, either breaking even or making modest profits. The Government will nevertheless have to arrange another aid package for the next three years. This could amount to between Sch 15bn and Sch 20bn.

Voest received Sch 5.7bn from the earlier package. The Government said yesterday that it would receive another emergency Sch 3.5bn tomorrow to help it over.

Voest's troubles are largely the result of unsuccessful diversification. When the steel industry went into decline, Voest sought to find profitable activity in new ventures.

A semiconductor plant in Graz, started in partnership with American Microsystems of the US, is not making money. The oil-dealing losses at Intertrading were the last straw.

Ironically, the concern's core business, making steel at the Linz integrated mill, is back in profit. But even steel as a whole is not profitable since Voest some years ago was made to take over VEW, the Austrian special steels maker which has been a chronic loss-maker.

It is not the sole instance of political interference with management. Last year Dr Apfalter tried to cut fringe benefits but was overruled by the Government, his ultimate shareholder.

Brussels to probe steel prices

Continued from Page 1

imports from outside the EEC in recent weeks.

An official of MEPS said it was very difficult to attribute blame. "Once prices start to slide, everyone blames everyone else," he said.

Another factor was year-end nervousness in European steel markets, as customers worried about reduced production schedules over the holiday period.

Mr Tom Baxter-Wright, managing director of GKN Steelstock, the leading UK stockholder, said: "It looks like the pre-Christmas lull has begun a little early this year." A continental European producer said: "There is no trend of substance that would justify a drop in prices at this moment. It is all in the sphere of psychology."

The sharp fall in stainless steel prices is a special case. There have been big reductions in the prices of the alloying elements – chrome and nickel – in recent months. This has provided an opportunity for companies that have been agile in their purchasing policies to reduce prices without sacrificing income.

The leading European steel producers met last Sunday and apparently agreed to tighten up price discipline in the next few weeks. Many appear optimistic that they will succeed.

World Weather

		°C	°F
Ajaccio	C	12	54
Akrotiri	F	22	72
Algiers	C	18	64
Amsterdam	Sl	1	34
Athens	C	16	61
Bahrain	S	27	81
Bangkok	S	31	88
Barcelona	C	8	46
Beirut	F	20	68
Belgrade	C	2	36
Berlin	Sn	-1	30
Biarritz	S	6	43
Blackpool	F	3	37
Bordeaux	S	4	39
Brussels	C	2	36
Budapest	S	0	32
B. Aires	F	21	69
Cairo	S	25	77
Cape Town	F	32	50
Caracas	R	27	81
Casablanca	–	—	—
Copenhagen	Sn	0	32
Corfu	F	15	59
Dublin	S	3	37
Dubrovnik	S	13	55
Faro	C	17	63
Florence	C	5	41
Frankfurt	C	-2	29
Funchal	F	19	66
Geneva	C	1	34
Gibraltar	C	16	61
Guernsey	F	8	46
Helsinki	S	-13	9
H. Kong	C	23	73
Innsbruck	–	—	—
Inverness	F	1	34
Istanbul	F	16	61
Jersey	F	8	46
Jo'burg	F	23	73
Las Palmas	F	24	75
Lima	F	22	71
Lisbon	C	13	55
Locarno	S	5	41
London	C	5	41
Los Angeles	F	18	67
Luxembourg	Sn	-3	27
Madrid	F	7	45
Majorca	C	12	54
Malaga	F	20	68
Malta	S	20	68
Manila	S	32	90
Miami	F	22	72
Milan	Fg	4	39
Moscow	C	-5	23
Munich	Fg	-5	23
Nairobi	–	—	—
Naples	S	13	55
New Delhi	S	22	72
New York	C	6	43
Nice	F	10	50
Oporto	F	10	50
Oslo	Sn	-6	21
Paris	F	3	37
Prague	F	-3	27
Reykjavik	C	-2	28
Rio de J'o	C	34	93
Rome	C	11	52
Salzburg	–	—	—
Seoul	F	11	52
Singapore	R	31	88
Stockholm	Sn	-2	28
Strasbourg	C	-5	23
Sydney	S	23	73
Tangier	S	25	77
Tampere	–	—	—
Tehran	–	—	—
Tel Aviv	S	24	75
Tenerife	F	23	73
Tokyo	S	13	55
Toronto	C	-1	30
Tunis	F	22	72
Valencia	D	9	48
Venice	S	5	41
Vienna	S	-3	27
Warsaw	C	-4	25
Zurich	S	-3	27

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Montedison profits rise

BY JAMES BUXTON IN ROME

MONTEDISON, the Italian chemical, energy and health care group, yesterday announced a 26 per cent jump in its operating profits in the first half of 1985.

Operating profits were L424bn on total sales of L6,829bn ($3.96bn) compared with an operating profit figure of L334bn in the first half of 1984 on sales of L5,760bn.

Debt servicing charges increased by 2.9 per cent to L358bn.

The company, which has shed 12,000 employees in the 1982-84 period alone as part of its restructuring process, expects to make a net profit this year – the first since 1979. It expects net cash flow to reach L800bn for the full year.

Last year, Montedison had cash flow of L677bn. It lost L83bn on total sales of L12,382bn.

Mr Lino Cardarelli, one of the company's two managing directors, said that this year Montedison would fulfil the conditions necessary for it to pay a dividend. However, he said, it was up to the company's shareholders to decide how to make use of the profits that would be achieved.

Mr Cardarelli said that 25 per cent of Montedison was owned by investors outside Italy.

Malaysian seeks Exco board seats

By Charles Batchelor in London

EXCO INTERNATIONAL, the leading British money broking group, has clashed with its new shareholder, Malaysian businessman Tan Sri Khoo Teck Puat, over the number of seats he is seeking on the company board.

At his first meeting with members of the Exco board on Tuesday, Tan Sri Khoo sought the position of deputy chairman and membership of the Exco executive committee of directors for himself, as well as two other seats for his representatives.

"This more than surprised us," Mr Jack Wilson, an Exco director and chief executive of London Forfaiting, a key Exco subsidiary, said. "He was denied the deputy chairmanship and membership of the executive committee. It remains to be decided whether he be given any representation on the board."

Tan Sri Khoo (Tan is an honorary Malaysian title) emerged as a major shareholder in Exco two weeks ago when he bought a 22.2 per cent stake from Kuwait Investment Office (KIO). This took his total holding to 24.5 per cent.

KIO had bought these shares only one day before from Exco's long-time shareholder, British & Commonwealth Shipping.

Tan Sri Khoo confirmed last night that he had sought three seats on the Exco board but said he had been offered two. Mr Wilson said Exco offered the two seats at the start of the meeting on Tuesday but suspended this offer after Tan Sri Khoo's demands.

Tan Sri Khoo said three board seats was not an unreasonable number considering the size of his stake and because there were already 19 people on the Exco board. He denied any hostile intentions towards Exco.

Exco's shares have been buoyed by takeover speculation. They closed at 214p yesterday on the London Stock Exchange, compared with a price of 188p in the immediate aftermath of Mr Gunn's resignation.

THE LEX COLUMN

Wing and prayer in Singapore

Debt issued by the British Government seems to be attracting a scarcity value. A rising pound and falling US rates may have helped yesterday's sell-out of the new tap, but some building societies also reckoned that they should buy stocks while stocks last.

Singapore

Airline flotations have had a nasty habit recently of staying on the ground; but the tribulations of BA and Lufthansa are beggared for sheer drama by comparison with Singapore International Airlines, which is approaching a market that is under fire from all sides.

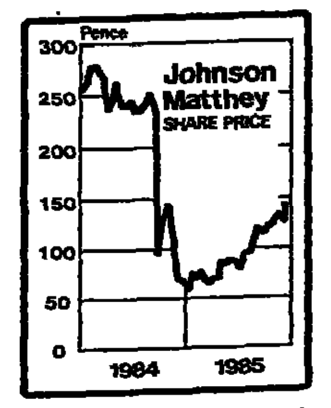
Even before last week's default and suspension of Pan Electric, the Singapore stock market was one of the worst international investments with an even worse fundamental outlook; and continued uncertainty about the terms of a rescue of Pan Electric took another 20 points off the Straits Times index yesterday, where it trades at a three-year low. But fears of an SIA flame-out are exaggerated: yesterday's domestic subscription appears to have been oversubscribed, as was the overseas placing.

Comparisons with the Malaysian Airline System flotation or the finer points of aircraft depreciation have gone out of the window: a great deal of official face is involved, and those Singaporeans who cannot get their money into Exco have been forcibly reminded of SIA's premium quality to the market. However, even without another Pan Electric, the stock is most unlikely to regain the $1 premium it traded at in the grey market a fortnight ago. A few cents over the offer price will still evoke sighs of relief.

Until there is word on Pan Electric, the cycle of blue chip sales to top up marginal positions in a falling market will be hard to break. The suspension of Pan Electric companies may assuage fears about the group's eventual share-dealing losses, but it will do nothing to relieve the margin pressure (which could be pulling funds out of other markets), or take the heat off the brokerage houses. If one of these should go under, the outlook really would be bleak.

Johnson Matthey

Putting every effort into reducing its debt, after successive disasters



in jewellery and banking, was Johnson Matthey's only chance of survival – ranking well above the recording of a running profit. JM's success in shedding £250m of debt in under a year, thus halving its quarterly interest bill, now means that it has to be taken seriously for its industrial earning power. A dividend payment of more than token size helped the market to draw this conclusion yesterday, when the shares jumped 18p to 145p. At this rate, by the end of 1986 the market will be putting just as high a value on the reconstructed business as it did on the old Johnson Matthey just before the banking collapse.

To do so implies a fairly considerable respect for the current management, and for the earning power of the remaining operations. Investing in such luxuries as financial controllers (and even controllers of metal stocks) should ensure that the debt continues to fall for a while yet, with interest still covered less than twice by operating profits in the first half, it is evident that JM needs to bring its gearing well down from the recent 75 per cent ratio.

If further progress can be made there, and a rapid programme of rationalisation continues to be charged below the line, JM's pre-tax profit for the full year should not be too far short of £30m. On a subnormal tax charge, that implies a premium multiple of 13 or 14 times this year's earnings. Was BP wrong to leave it alone at half the price?

Smith Brothers

Smith Brothers can scarcely be blamed for taking advantage of a strong market in its shares and a healthy set of interim figures to stock up with cash. It is the only big jobber to be going it alone – or almost alone – and must be grateful for every £13.5m it can lay its hands on. Its position in the equity market is visibly under attack from the jobbers with rich parents and Smith's advertisement of its own independence will count for nothing if it cannot support the investment in people, technology and trading capital demanded by the new market.

Smith's strategy has consistently seemed neither one thing nor the other, and yesterday's rights issue does little to alter that impression. The Rothschild shareholding and the Scott Goff relationship must, in the market's eyes, weaken Smith's claim to be truly independent without providing the obvious benefits of integration. Scott Goff, for all its merits, is not De Zoete or Rowe & Pitman.

Similarly, a one-for-three rights issue bumps up the capital base but scarcely puts Smith on an equal footing with its competitors at a time when, like everyone else, the company is expanding its international network and trading aggressively at home. Even by March of next year, £13.5m may look a rather modest contingency reserve.

Unigate

The conjunction of circumstances may have been favourable to Unigate in the half-year to September, but even so yesterday's interim results showed a fine performance with profits before tax up a full third to £34.4m. Freed of last year's margin pressure from delayed price rises in the milk business and riding cyclical peaks or near-peaks on the meat side, Unigate had little trouble making good money; but a few years back these profits would have been sandbagged by loss-makers elsewhere.

In lifting the share price another 5p to 233p, the market confirmed the re-rating of Unigate to sector levels; on the full year's expected earnings, Unigate now trades on a price/earnings ratio of 10 and a yield half that of 1982. But the market has more difficulty justifying a growth rating. In skimming volume lost from the liquid milk business into low-fat products, Unigate is doing no wrong; but while Unigate has done a lot to clean up its operations, there is still no great confidence that the lumps of cash generated are being spent on the right sort of acquisition. The halving of the contribution from Giltspur at the interim stage was no help.

JOBS COLUMN

Bankers' pay—a vexed and complex question

BY MICHAEL DIXON

THE "hornets' nest" would be an apt name for the accompanying table, which gives rough salary indicators for staff below board-level in City of London banks. It has proved by far the most reliable generator of stinging comments from readers that the Jobs Column has stumbled on in the past 13 years.

While equally vehement in their views, the readers concerned tend to be split into two opposing camps.

Some have no shred of doubt that the London bankers are paid too much for the good of the British economy as a whole. Oddly enough, most of the people taking that stance work in industry.

Others are firmly convinced that the bank staff are paid too little by comparison with their counterparts elsewhere for the good of the City's standing as an international financial centre. Just as oddly, this second camp consists mostly of London bankers.

In the past the Jobs Column has tended to support the first, largely industrial faction. The reason lies in the table which, as usual, is drawn from the twice yearly surveys made by the Jonathan Wren recruitment consultancy (170 Bishopsgate, London EC2M 4LX; telephone 01-623 1266). The figures represent the averages of the salaries which 35 different sorts of London bank staff said they were receiving when they applied through the consultancy for a change of job.

Ranking	Type of job applicant	Average salary April-Sept. 85 £	Ranking	Type of job applicant	Average salary April-Sept. 85 £
1	Bond issue manager	79,500	19	Data processing manager	30,270
2	Senior leasing manager, big tickets	65,100	20	Economist	29,856
3	General manager	52,450	21	Bond dea'er	29,375
4	Bond marketing/syndications executive	47,960	22	Bond marketing/distribution assistant	29,080
5	Foreign exchange/money manager	46,770	23	Senior lending officer	28,037
6	Foreign exchange chief dealer	43,601	24	Company secretary	27,000
7	Loan manager	42,622	25	Project finance executive	26,735
8	Assistant general manager	40,150	26	Senior FX/deposit dealer	26,688
9	Senior corporate finance executive	35,850	27	Senior sterling dealer	26,550
10	Branch manager	35,650	28	Assistant branch manager	26,450
11	Syndications manager	35,606	29	Chief auditor	25,325
12	Senior leasing manager, small tickets	35,480	30	Credit department manager	25,276
13	Adviser on banking procedures, etc.	33,750	31	Organisation and methods manager	24,265
14	Leasing marketing, big tickets	33,150	32	Systems analyst	24,240
15	Tax officer	33,000	33	Chief accountant	24,122
16	Project finance manager	32,000	34	Bond administration manager	23,895
17	Financial controller	30,520	35	Treasury/cash management consultant	22,830
18	Senior investment manager	30,500			

Today's indicators, like all those I have published previously, suggest that the bankers are in general much better rewarded than comparably ranked staff in other sectors of the United Kingdom economy. For example, every one of the 35 jobs covered by the table has an average salary above the £22,066 average for engineers working immediately below director-level in industry.

Moreover the salary figures give no account of the bank staff's further advantage in terms of fringe benefits. These seem increasingly to include, not only subsidised mortgages, but sumptuous performance bonuses especially in the case of people being head-hunted out of one branch of the financial sector into another with the onset of deregulation. Since the extra payments often appear to be guaranteed in advance for a couple of years or so, they are perhaps not so much "performance bonuses" as "personal transfer fees."

In spite of such indications that the bank staff are overpaid, however, there is also evidence that those in London tend to be poorly rewarded by the standards of their overseas counterparts particularly in the US.

Take for instance the Cole Surveys organisation's annual ranking of the highest paid people in US commercial banks. The holders of the top three places last year all received more than $1m.

"And if you think the top spot — $1.2m it was — went to a chief executive officer of a big bank in Wall Street, you're wrong," said the Cole organisation's Paul Curley. "The guy was the investment chief of a fairly small outfit in Tennessee."

Second place went to a bond trading specialist on $1.1m, with a chief executive third on $1,032,000.

"You must remember that those figures refer to commercial banks where even key people tend to get paid substantially less than they do in the investment houses here," Mr Curley added.

"The biggest pay figure I have heard of in an investment house was about $3m in a year. We tried to find out more about the man who made it. But when we called up and asked to talk to him we were told he had quit the job and gone travelling. He was thought to be out in India, seeking the meaning of life or something.

"So you can see there are some pretty big buck-earners in the financial area here in the States."

By comparison with Paul Curley's illustrations, the rewards of key London bank staff surely seem modest even if we allow for probable bonus receipts on top of the average salaries given in the table. But even those are thought by some readers to present an over-estimate of the real state of pay in the City.

The main reason given for that claim is that the table's figures are based on the salaries people say they are currently receiving when they make applications for other jobs. Rumour has it that in those circumstances even bankers are not above quoting a figure perhaps 10 per cent or so more than the sum they are actually paid.

To what extent the figures are inflated by such dodges, I simply do not know. But the very definite possibility of it convinces me that it is high time to try to develop better indicators of financial-sector pay. While there is clearly a need for more reliable information, it does not yet exist.

Consequently the Financial Times wishes to set up regular surveys of the rewards of people doing certain "benchmark jobs" in banking, not only in Britain but also in the US and the Far East.

The idea is that the surveys will be conducted by an established international consultancy, which will collect and analyse the detailed data provided by the banks taking part in the exercise. The consultancy will then keep secret the sources of the data, and feed only overall results of the analyses to the FT for publication.

Whether such international indicators of financial-sector pay can be provided will of course depend on how many banks operating in each of the three regions are willing to join in the surveys. I would therefore be grateful to hear from any which might be interested.

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Retail Margin	4.65%	4.49%	
Associates	7.2	3.3	118.7%
Group Profit before Tax	92.4	75.1	23.2%
Group Profit after Estimated Tax	60.1	52.0	15.5%
Earnings per Share (fully taxed @ 35%)	8.80p	7.06p	21.8%
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*includes VAT £80.5 million (1984 £59.4 million)

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6 The 1984/1985 distribution under our profit sharing scheme resulted in more than 1.5 million shares going to over 11,000 employees who chose to take all or part of their distribution in shares rather than cash. As usual, no provision for profit sharing has been made in the half year's accounts, since the level of profit share is dependent on the full year's results.

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Neg. Salary + Car + Mortgage subsidy

ROYAL TRUST is one of the world's largest trust companies and has been established in the UK for over 50 years. As a recognised bank, we offer a range of services to both corporate and private clients.

We now wish to recruit a person with a relevant professional qualification to assist in marketing the Bank's Corporate Services in the North of England from our Manchester Office.

The successful candidate will be aged 26-33 and will have broad based financial marketing experience, gained with a bank or other financial institution, and be able to work on his/her own initiative.

In addition to a competitive salary, we offer a range of benefits which include a company car, mortgage subsidy, pension and life assurance, and private medical cover.

Please write in confidence with full career details to

**John Newman,
The Royal Trust
Company of Canada,
48-50 Cannon Street,
London EC4N 6LD.**

ROYAL TRUST

APPOINTMENTS ADVERTISING

Aim for the "Blue-Chips"!
EQUITY DEALER
c. £22,500 + Benefits

Forthcoming and significant changes in the City have now created exciting new business opportunities for my client, the London-based UK subsidiary of a major, renowned International Securities House.

In this newly-identified role of Assistant Manager status, you will be working closely with many (notably Japanese) overseas clients, taking instructions and executing trades in "blue-chip" UK and European Stocks. Your over-riding personal objective will be to eventually make a market and simultaneously minimise dealing costs.

To ideally satisfy our client's requirements, you must be under 30 years of age, hold a degree and/or professional qualification and be able to demonstrate at least 2 years' relevant exposure to a British Equities dealing environment. This experience could have been gained as a Jobber or in a stockbroking/merchant banking organisation, but a strongly analytical brain, a sense of perspective and humour plus a high degree of self-motivation, are essential personal attributes.

The salary package is negotiable, as indicated and other normal banking benefits include Pension/Life Assurance, Private Health Scheme, Mortgage Subsidy, Personal Loan Facility, etc, Future career prospects are exceptional.

If you're sufficiently confident you can meet this new challenge, then ring or write, in total confidence, to me, Richard J. Sowerby, Sowerby's (Selection) Ltd., Personnel Consultants, 500 Chesham House, 150 Regent Street, London W1R 5FA. Tel: 01-439 6288.

Sowerby's Selection

Merrill Lynch

Taxation Adviser
£30,000 – £35,000 + Car — **City**

Merrill Lynch is one of the largest US Financial Services Groups, with operations throughout the world and a rapidly expanding U.K. presence.

As a result of this growth they seek to recruit a senior taxation specialist who will be expected to provide tax advice on a wide range of financial matters including group transactions, overseas investment and product development. These areas will reflect the increasingly diverse range of financial services now dealt with by Merrill Lynch.

It is envisaged that candidates will be graduates with an accounting or legal qualification, and at least four years tax experience, some of which, preferably, will relate to the financial sector. Considerable emphasis will be placed on career to date, both in terms of objectives and achievements, as well as interpersonal skills.

This is an excellent opportunity for an ambitious professional to make an important contribution to the development of the tax function within this fast expanding financial institution. The remuneration package will fully reflect the importance of the new position, as well as the age and experience of the preferred candidate.

Please contact **Lindsay Sugden ACA on 01-831 2000** (evenings/weekends 01-789 2295) or write, enclosing a CV, to **Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.**

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
A member of the Addison Page PLC group

International Economist
STOCKBROKING

Vickers da Costa Ltd., a top international firm of stockbrokers based in London, need a talented graduate economist to play an important role in our International Research Department.

The post involves economic, political and market analysis to provide contributions for a monthly report on international stock and currency markets. This publication is designed to help corporate clients select the right markets for the allocation of funds.

Candidates, preferably between 25-35, must have at least two years' experience in international economic analysis and be familiar with two or more foreign economies. Proficiency in report writing is also required. Other qualities that would be useful include expertise in stock and currency markets and forecasting economic and financial indicators, a flair for drawing reasoned views from, at times, sparse statistics and the ability to work well under pressure. Knowledge of a European language would be useful, but is not essential.

To apply, please send full career details to:

**Mrs A. M. Fenn, Personnel Manager,
VICKERS DA COSTA LIMITED
Regis House, King William Street
London EC4R 9AR**

Account Manager
Mid 20's

Fluent in Swedish and with at least 1 year's financial experience

c. £14,000 + banking benefits — London

Our client, a subsidiary of a major banking group with interests and operations worldwide has a strong commitment to the development of its business with Swedish financial and commercial organisations.

As a result they seek to appoint a young Account Manager whose prime responsibility will be to manage and develop the group's activities in Sweden in both new business and for existing relationships. This will involve the marketing of bonding facilities; commercial merchant banking opportunities; medium term export credits; and corporate finance.

Candidates, with corporate marketing experience, should be analytical, numerate, self-motivated and capable of handling legal and accounting issues relevant to international finance.

This is an excellent opportunity to develop a career in corporate finance with a forward-looking banking group.

Salary will reflect ability and experience and there is an excellent range of banking benefits.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. M. Hordern ref. B.2242.

This appointment is open to men and women.

**HAY-MSL Selection and Advertising Limited,
52 Grosvenor Gardens, London SW1W 0AW.**

Offices in Europe, the Americas, Australasia and Asia Pacific.

HAY-MSL

CONFIDENTIAL ADVERTISING

Financial Planning and Control

Central London — **c £26,500 + car**

Our client is a major British group with diversified interests in the consumer products and leisure industry and worldwide sales in excess of £4000 million. It has a consistent record of profitable growth.

You will join a small team at corporate headquarters responsible for financial planning and control. Your role will be to co-ordinate the financial planning and budgetting process in one of the main operating divisions and to work closely with senior divisional and head office management in reviewing these plans and monitoring performance. You will also be involved in various 'ad hoc' projects for members of the Board and in acquisition studies and disposals.

In your late 20s or early 30s, you will be a qualified accountant or business graduate with proven ability in financial analysis and appraisal and with a thorough appreciation of the corporate planning function. The opportunities for career and salary progression are excellent.

Please write in confidence to John Cameron, quoting ref. CF471, at 11 Gough Square, London EC4 3DE (telephone 01-583 3911).

Chetwynd Streets
Management Selection Limited

SECURITIES ANALYST
SCANDINAVIA

A recently-established subsidiary of a Norwegian bank is seeking an Analyst to join its expanding securities-dealing team in London.

The successful candidate will be primarily involved in the analysis of companies on the Nordic stock exchanges and applicants are likely to have the following characteristics:

— Fluency in a Scandinavian language, preferably Norwegian;
— Experience in security/investment analysis;
— Self-motivation and ambition with ability to form an integral part of an active dealing team;
— Willingness to travel — particularly in Scandinavia.

A fully competitive salary is offered.

Applications in writing with full c.v. should be sent to:—

**OSLO PARTNERS LIMITED
3rd Floor, 23-24 Lovat Lane
London EC3R 8EB**

AUDITING OPPORTUNITIES
NORTHERN HOME-COUNTIES BASED
(£ attractive) salary + co. car + benefits

Our client, a British Group with a £billion turnover, is actively developing service markets in the UK, Western Europe and the United States.

As an organisation committed to a pattern of continuing growth the group is currently seeking to recruit the following personnel within its operations Audit Department.

OPERATIONAL AUDITOR
- ★ AGED 24-32
- ★ QUALIFIED ACCOUNTANT
- ★ ABLE TO DEMONSTRATE EXCELLENT VERBAL AND WRITTEN SKILLS
- ★ AMBITIOUS IN RESPECT OF CAREER ADVANCEMENT

COMPUTER AUDITOR
- ★ AGED 24-32 AN APPROPRIATE DEGREE
- ★ AT LEAST 2 YEARS COMPUTER RELATED EXPERIENCE
- ★ EXCELLENT COMMUNICATIVE SKILLS, VERBAL AND WRITTEN
- ★ BASIC ACCOUNTING KNOWLEDGE

Both positions entail 25%-30% travel throughout the UK and occasional overseas assignments. Our client can offer the opportunity to gain experience in diverse environments within a short period of time, a positive career progression, an attractive salary, car, non-cont. pension scheme, 25 days annual leave. Interested candidates should contact Nigel Haworth either by letter or telephone at

DUNSTER HOUSE, 37 MINCING LANE, LONDON, E.C.3   01-621 0495

DRAKE EXECUTIVE
A Division of
THE DRAKE INTERNATIONAL GROUP
EUROPE NORTH AMERICA AUSTRALIA NEW ZEALAND CANADA

Hoggett Bowers
Executive Search and Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Insolvency Partner

Equity partner designate
Newcastle upon Tyne, Initially c £40,000, car

This new senior appointment is within a recently established office of one the world's leading professional practices. It is an outstanding opportunity, rich in challenge, scope and potential which will lead to early equity partnership. Accountability will be to the Managing Partner and technically to the Head of the Insolvency Division in the UK for the green field development of insolvency business in the region serviced by the Newcastle office. There is a strong general management perspective in this high profile role and a significant degree of autonomy. Equally there is specialist resource backing in the company's national network to support the regional development as the business and the team are built. The essential requirements which well qualified prospective candidates must demonstrate include an excellent professional record over 5–10 years in all aspects of insolvency management, positive and creative commercial management skills and credibility in the professional and business world at the highest levels. Age envisaged is 30–40. Salary will in no way be a bar for the right candidate and the equity partnership will generate a very significant income lift. All applications will be treated in the strictest confidence.

Male or female candidates should immediately foward a comprehensive c.v. or telephone for a personal history form to G.T. *Walker*, Hoggett Bowers plc, *4 Mosley Street*, NEWCASTLE UPON TYNE, *NE1 1DE*, 0632 327455, quoting *Ref. 42624/FT*.

Investment Management
Marketing City based

Wardley Investment Services have world-wide investment capabilities, developed from their base in the Far East.

The requirement is to market these services to a wide spectrum of financial institutions including pensions funds, principally in the UK, to a lesser extent in Europe and occasionally in the Middle East.

Probably in your late 20's/early 30's you must have at least three years experience of dealing with these types of institutions, with the potential to develop into a fully fledged investment professional.

A highly competitive salary will be augmented by a generous bonus scheme and benefits package which includes a company car.

In the first instance please telephone or write in the strictest confidence to **Fiona Law at Lloyd Chapman Associates, 160 New Bond Street, London W1Y 0HR. (01) 499 7761 quoting Ref: FL 9877.**

Wardley member HongkongBank group

GROUP INSURANCE MANAGER
MAJOR MULTINATIONAL

Southern Home Counties **Age 30-45**

Our client is a highly diversified multinational producing a wide range of industrial products and services. In all of these fields the Group is either a world leader or among the world's major producers. Turnover is in excess of £2000 million and development is continuing.

We are advising on the appointment of the Group Insurance Manager. A professional and energetic executive is required to take responsibility for managing and monitoring the Group's worldwide insurance arrangements. Premium expenditure is circa £10m per annum with covers arranged in all major Insurance Markets.

Currently you will be an insurance manager with a multinational or a broker servicing multinational clients. Widespread insurance expertise is a prerequisite with importance attached to both liability and property classes. The ability to negotiate at the highest levels is also important.

An excellent remuneration package, including a full range of benefits will be offered to the selected candidate.

To apply for the position please send a full C.V. to me, Simon Green, Consultant to the Group. Your application will be treated in strict confidence.

Business Development Consultants (International) Ltd,
63 Mansell Street, London E1 8AN
01-488 0155

BDC

TRAINEE INTERNAL AUDITORS (BANKING)

Bank of Credit and Commerce International invite applications from graduates, under 24 years of age, with good academic record, who would like to pursue a career in Internal Auditing. Educational career from 'O' level (or equivalent) onwards with year of passing, grades/division and subjects should be indicated.

Selected candidates will undergo intensive training at the Bank's Academy in London, before being assigned to the Audit Division for further training. Considerable travel will be involved both within the U.K. and overseas. A sound knowledge of Spanish will be an advantage.

A competitive salary and other benefits are available to the successful applicants.

Candidates should apply latest by 15th December, 1985 at the following address with full C.V. and a passport size photograph to:

Mr. M. G. Bough,
Audit Division,
Bank of Credit and Commerce International S.A.,
Licensed Deposit Taker,
100, Leadenhall Street, London EC3A 3AD.

-PORTFOLIO MANAGER-

Credit Suisse First Boston Ltd. (CSFB), firmly placed among the world's leading international investment banks, are continuing to strengthen their investment management business through the London-based group company - CSFB Investment Management Limited (CSFBIM). We are now seeking a Portfolio Manager to complement the existing team at CSFBIM and contribute to the further rapid growth of the company.

In this position, you will be dealing with multicurrency and U.S. $-based fixed income portfolios. To provide the level of expertise required, you will have gained experience in preferably fixed income portfolio management. Gilt-edged Securities would be an added advantage.

Reflecting our continuing success, we are able to offer a most attractive salary and benefits package together with excellent career prospects.

Interested candidates should forward full C.V. to:
Dr. Manfred J. Adami, Managing Director, CSFB Investment Management Limited, 22 Bishopsgate, London EC2N 4QB. Telephone: 634 3000 (CSFB) or 283 5920 (direct).

CSFB

LINK

Link Management Selection

ASSISTANT TREASURER
Corporate Cash Management

c. £15,000 + car South London

This engineering company, allied to the construction industry, is itself part of a major U.S. based multinational. As a result of reorganisation in the Finance Department, a key role has been identified to assist the Company Treasurer in cash management. This applies not only to day-to-day control, business operations and capital outflow forecasts, but also to asset and profit management relating to the non-operational side of the business.

The position calls for a qualified accountant with a strong grounding in financial accounts, a basic understanding of corporate banking and taxation and the ability to express and translate ideas into a financial rationale. Banking and currency transaction experience would be a distinct advantage and knowledge of micro-computers a plus. Career prospects in all areas of the Company are excellent, both on a national and international plan. Please write to Malcolm Coates, quoting reference LMS/5119.

Link Management Selection, 13-14 Hanover Street, London W1R 9HG. Tel: 01-493 5788.

Male and female candidates should send full career details, which will be treated in complete confidence.

Marketing

Flemings have a unique opening for an outstanding candidate with a proven track record in financial sales.

The opportunity is to promote sales of Jardine Fleming's US$400 million offshore unit trust group. A wide experience of stockmarkets, the UK's professional advisor market, and competing financial products, is essential. The candidate will be based in the London headquarters of Robert Fleming and will be directly responsible for the development of business. Strong organisational support exists for this marketing activity.

The position calls for a responsible candidate with a high degree of discretion. The experience required suggests a candidate of between the ages of 28 and 45 years.

The remuneration package is attractive and will be commensurate with the importance of this post. Please write in strict confidence to Frank Smith, Robert Fleming & Co. Ltd., 8 Crosby Square, London EC3A 6AN.

FLEMINGS

SECURITIES AND INVESTMENTS BOARD

Head of Press and Publicity Services

The Securities and Investments Board Ltd, together with the Marketing of Investments Board Organising Committee, are seeking an experienced journalist or public relations practitioner to take charge of their press and publicity services.

The Boards' functions will be to exercise delegated statutory powers under the Government's forthcoming Financial Services Bill. When the Bill is enacted all those carrying on an investment business in the United Kingdom will need authorisation by a Board, or by a recognised self regulatory organisation.

In the period before the enactment of the legislation both bodies will be engaged in discussions with prospective self regulatory organisations, and the drafting of rules and regulations to which those seeking authorisation will need to comply. They will also need to follow closely the passage of the legislation through Parliament. After the powers have been transferred, towards the end of 1986, they must be in a position to recognise self regulatory organisations and to publish final rules and procedures for authorisation.

Applicants should have an extensive knowledge and experience of City markets and a good understanding of regulatory structure and practice in the financial services industry. They must be capable of directing a major publicity campaign to explain the obligations of those who must seek authorisation under the Act and the rights conferred upon consumers of financial services and how the Boards may be able to assist them. They must further be able to maintain close contact with the media to ensure that the Boards' actions and policies are properly understood. The successful candidate is likely to have a proven track record in financial journalism or public relations.

Salary Circa £25,000

Applications, with comprehensive CV including current salary, should be sent to J L Clark, The Securities and Investments Board Ltd, 80 Watling Street, London, EC4M 9BX.

FTB INTERNATIONAL BANKING

EUROBONDS
SALES DIRECTOR

A "leading light" in the bond market is required to join this innovative institution at director level. The position offers the opportunity to consolidate and improve the company's position in the market place.

The successful individual will have a minimum of 10 years' experience encompassing both management and distribution skills on a broad base of products. A stable background is essential, drive and ambition are natural prerequisites.

The position offers status and compensation reflected in the importance of the post.

INDIVIDUALS INTERESTED IN THE ABOVE POSITIONS SHOULD CONTACT STEPHEN DOPSON ON 01-600 1211 (OFFICE HOURS) OR 01-472 3288 (EVENINGS)

FTB • Recruitment (London) Limited
Telephone: 01-600 1211

VENTURE CAPITAL

Southern regional independent venture capital house seeks industrially experienced senior executive to be locally based with attractive remuneration package including equity incentive.

Age 30-45, technical or numerate degree including preferably MBA or equivalent. Ideally background should include at least five years experience in venture capital including some hands-on experience.

Please write Box T6257, Financial Times, 10 Cannon Street, London EC4P 4BY.

South East Thames Regional Health Authority

Assistant Director of Finance
Salary c. £19,300-£23,700

Promotion has created this challenging and first class opportunity to join the Finance Directorate of this large Regional Authority.

The Assistant Director is one of three second-in-line managers supporting the Director of Finance. You will be highly motivated and have the initiative, ability and confidence to participate in the management of this £800 million turnover Authority. The possession of a C.C.A.B. accountancy qualification is essential.

You will head the division responsible for resource allocation control and performance monitoring and will play a key role in the development of financial health care policies including the management of the Authority's funding policies for mental illness and mental handicap services.

The region covers the geographical area of South-East London plus the counties of Kent and East Sussex. There are 15 District Health Authorities with differing characteristics, varying from inner city areas with social deprivation to more affluent rural and coastal areas. The Region has three major teaching hospitals all in Inner London.

The Authority's offices are located in attractive modern purpose-built accommodation in the coastal town of Bexhill-on-Sea which provides good residential accommodation and easy access to the larger towns of Brighton, Eastbourne and Hastings.

In addition to the attractive salary the benefits include good relocation expenses. Promotion prospects are excellent.

An information package, job description and application form for the post are available from the Regional Personnel Manager, South East Thames Regional Health Authority, Thrift House, Collington Avenue, Bexhill-on-Sea, East Sussex TN39 3NQ. Telephone (0424) 222555 ext 3106.

Reference number: 595. Closing date for applications 20th December 1985.

ECONOMIST

£16,280 – £19,713 inc. CENTRAL LONDON

The Central Electricity Generating Board is one of the world's largest electric power utilities with responsibility for planning, building and operating power stations for the bulk supply of electricity.

A vacancy has arisen in the System Economics Section which is responsible for assessing the economic merits of alternative developments of the Board's generating system, the investment appraisal of its major capital projects and the evaluation of the generation risk aspects of security of supplies to the Area Boards.

The successful candidate would assist in the work of project investment analysis and the risk/probability aspects of such problems, working with limited supervision and developing an overall understanding of the projects.

The person appointed would require experience in investment and risk analysis in the field of large capital projects and will be expected to become familiar with this area of work within the context of the CEGB generating system. It is essential that the postholder is able to organise and execute large numerically based studies and to discuss clearly solutions reached.

Applicants must have a degree or equivalent in an Applied Science e.g. Engineering, Mathematics, Statistics or Economics.

Applications in writing only giving full career details to the Group Personnel Officer, CEGB, Sudbury House, 15 Newgate Street, London EC1A 7AU to be received by 16 December 1985 at the latest. It is anticipated that interviews will be held on 2 January 1986. Quote Ref. 305/85/LW/FT.

The CEGB is an equal opportunity employer.

CENTRAL ELECTRICITY GENERATING BOARD, HEADQUARTERS

Business Graduates Association

Director

The Business Graduates Association wishes to appoint a Director to take executive and advisory responsibility for running the activities of the association.

Leading a small team, the Director will be responsible for: liaising with industry and Government at the highest level to understand their management training needs; reflecting these needs to Universities and Business Schools; preparing, commissioning and publicising research into subjects relevant to the Business Graduates; assisting with the production of the Journal of the Association and other publications; marketing and revenue generating activities.

Although ideally we wish to make a full time appointment, the Committee would consider part time alternatives. Salary and terms of employment are negotiable but will be commensurate with the appointment. Please write, in the first instance, giving details of your career to date to The Chairman, The Business Graduates Association, 28 Margaret Street, London W1N 7LB.

BEAR STEARNS

EUROBONDS

Middle East

Scandinavia

We are rapidly expanding our presence in London and are currently seeking to employ two senior Eurobond sales people to cover the Middle East and Scandinavia.

In addition, we are constantly seeking qualified sales people for other territories.

Applicants must be able to demonstrate proven sales and business experience in the fixed income markets. The remuneration package is fully negotiable, attractive and

All replies should be addressed to
DAVID SETCHIM, The Bear, Stearns Companies Inc
5 Devonshire Square, London EC2M 4YL (Tel: 01-626 4771)

Information Technology Manager

Capital Markets

★ £40,000 Salary ★ Substantial Bonus ★

London Based

Our efficient and responsive approach to the needs of our worldwide customer base has established us as a force to be reckoned with in International Investment Banking. No small credit is due to our use of on-line computer systems which support critical information transactions throughout our global operations.

Our growth and requirements are such that we need to apply a more cohesive and integrated strategy to computing so that our future success is ensured. Key to the planning, implementation and co-ordination of our substantial seven figure computer investment is the timely appointment of an Information Technology Manager.

The role will be one of extremes requiring an energetic, versatile individual who can command respect at board level whilst not shirking from a demanding "shirt-sleeves" role.

You should possess an unblemished track record of success embodying a systems and programming background and measurable experience of developing and controlling teams of computer specialists at an influential management level.

"A key I.T. appointment with global responsibility for the implementation of time critical investment banking systems"

Technically speaking you should have experience of high performance supermini computers within a network – oriented transaction processing environment. You should also possess sound appreciation of the very latest concepts in fourth generation software. Investment Banking experience is essential as is the ability to think expansively and strategically with a view to developing systems which will serve us well into the 1990's.

Personally, you must be of graduate calibre and possess energy, drive and tact. It is unlikely that anyone less than 30 would possess the necessary stature for this position.

Applications in a comprehensive CV format should be submitted in confidence to our Advising Consultant, Haydn Parry at the London office address below marking correspondence Ref: HPF1.

Technical, Sales & Management Appointments

SCR

Specialist Computer Recruitment Ltd

SOUTH
James House, 46 James Street, London W1M 5HS
01-935 0671/486 8461

MIDLANDS & INTERNATIONAL
35-37 Great Charles Street, Queensway, Birmingham B3 3JY
021-236 3781

NORTH
International House, 84 Deansgate, Manchester M3 3EE
061-833 0427

CONTINENTAL EUROPE
33-39 Boulevard de la Cambre
1050 Bruxelles
010 322-640 7151 71

Financial Analyst

PHILLIPS PETROLEUM 66

Phillips Petroleum Company Europe-Africa is responsible for operations in the UK, Egypt, Ivory Coast, Nigeria and elsewhere in Europe.

A vacancy has occurred within our Treasury Department for a qualified Financial Analyst to work in our London Office.

The successful applicant will undertake varied duties which will cover all aspects associated with the financing of existing and future operations.

The appointment is an excellent opportunity for a young graduate, preferably with an MBA, who has probably gained several years' experience within a bank or multi-national company.

An excellent salary and benefits package is offered.

Interested applicants should forward a comprehensive C.V. to: R.E.F. Blowers, Phillips Petroleum Company Europe-Africa, The Adelphi, John Adam Street, London WC2N 6BW.

Phillips Petroleum
The Performance Company

Financial Institutions Consultants for Europe

Booz·Allen & Hamilton – one of the world's largest management consulting firms and leading provider of consulting services to banks and other financial institutions – is looking for consultants for its expanding European Financial Institutions Practice.

The Firm's reputation is in part attributable to rigorous entry criteria for its staff. Ideal candidates – probably in the age range 27 to 35 – will have a record of achievement in several functions within financial institutions or management consulting – preferably both. An advanced management degree and fluency in English and at least one other European language are essential.

Successful candidates will probably be based in London and operate throughout Europe. The terms and conditions of employment are outstanding, as are the prospects for advancement.

Typical consulting assignments include:

- Domestic and international strategy
- Advanced technology strategy
- Top management organisation
- Implementation of planning and control procedures
- Management information systems design and implementation

Applications, with full curriculum vitae, should be addressed to the Partner-in-Charge of the European Financial Institutions Practice as follows:

Mr Christopher D Batt, Vice President
Booz·Allen & Hamilton International (UK) Limited
30 Charles II Street
London SW1Y 4AE

BOOZ·ALLEN & HAMILTON
MANAGEMENT CONSULTANTS

LL London Life

Assistant to Fund Manager

(London based)

A vacancy exists at our Bishopsgate office in the City for a suitably qualified person to provide assistance to our UK Equities Fund Managers.

The work involves co-operating closely with Senior Fund Managers in the:

- Management of the portfolios
- Monitoring existing investments
- Making investment recommendations
- Company and sector analysis based on Stock Brokers' research.

Although responsibility will be limited initially it is expected that development will be to full Fund Management responsibility.

The type of person we require must: have 2-3 years experience with a relevant financial institution or Stock Broker; hold either relevant professional qualifications or a degree; be personable but persuasive; be aged in the mid-twenties and be flexible to evolving job demands.

In return the Association offers a competitive salary of c£15,000pa plus generous fringe benefits such as:

- Immediate mortgage subsidy scheme
- Non-contributory pension scheme
- Free lunches

If you feel you would like to join a well-established but expanding Mutual Life Office in this role, please write to the Investment Manager enclosing a CV:-

The London Life Association
215 Bishopsgate
London EC2M 3XX

London Life is an Equal Opportunities Employer.

Commercially Qualified P.A.

to M.D. of highly successful international trading company

Our client is a company dedicated to continued growth in the international trading market. The M.D. is legally qualified and has a very wide brief, but essentially he is responsible for co-ordinating the international corporate financing of the company's activities and determining the ever-changing structure of the business in the context of organic and acquisitional growth.

In the role of P.A. you will be primarily concerned with providing professional support when corporate restructuring is under consideration, and new companies are set up. However, flexibility is paramount, and responsibility will be delegated to cover a number of activities on an occasional basis, ranging from P.R. to new venture appraisal. Some overseas travel is envisaged.

Our ideal candidate will therefore have a business, economics or legal qualification and although with some commercially-related experience, will still be adaptable and free thinking.

Salary will not be a limiting factor and for the career-minded, this grass roots opportunity could lead to an executive management level position.

Applications in writing with a full CV, stating companies to whom your details must not be forwarded should be sent to the **Confidential Reply Supervisor, Ref SK07, Macmillan Davies & Howard, The Old Vaults, Parliament Square, Hertford, Herts. SG14 1PU.**

Macmillan Davies & Howard
THE ADVERTISING AGENCY

RETAIL BANKING
WEST END

Major international Bank requires experienced Banker to assume responsibility for the banking operations at its West End Branch. Candidates must have good retail banking knowledge linked with experience in large foreign currency transactions. AIB qualification preferred. Ability to relate to both multinational Staff and Customers and to comply with strict controls and internal procedures essential.

Attractive salary and benefits package.

Candidates who should not be younger than 35 should apply in writing to:

Box A9200, Financial Times
10 Cannon Street, London EC4P 4BY

Stockbrokers

Is your organisation bigger than you would like?

Could you serve your clients better by more freedom from administrative burdens?

Our clients can offer you:

- up to 50% return commission
- access to highly advanced back office systems for executing your business
- the backing of an independent, well capitalised and rapidly expanding private client firm.

If you would like to find out more, contact David Robinson of Spicer and Pegler Associates, Friary Court, 65 Crutched Friars, London EC3N 2NP, (480 7766) for a confidential discussion.

Spicer and Pegler Associates
Management Services

STOCKBROKERS

Expanding Leeds-based Firm of Stockbrokers require the following:—

(1) Experienced Dealer preferably with own Clientele.
(2) Young Assistant Dealer.
(3) Investment Assistant.
(4) Assistant Office Manager.

Please forward c.v. to Box A9197, Financial Times, 10 Cannon Street, London EC4P 4BY

Far East Fund Manager

Broaden Your Scope

Are you in your mid 20's with at least two years experience in equity investment in the Far East either as an analyst or Fund Manager? If so take a step up and join this progressive and expanding financial services group which has an excellent reputation for consistent long term fund performance.

This rapidly expanding Company is involved in life assurance, pensions, unit trusts, banking and investment services. Total equity funds under management amount to £2.5 billion with over £180 million in the Far East. You will be joining an existing Fund Manager and will be involved in contributing to general investment policy and specifically responsible for managing one or more funds in Japan, Hong Kong or Australia.

You will enjoy working within a team framework yet be capable of making independent investment decisions. Opportunities for advancement are excellent in this rapidly developing company. Initial remuneration includes a competitive salary, company car, non-contributory pension scheme, free life assurance, BUPA and profit sharing scheme.

Please telephone or write in complete confidence to Barbara Lord, Senior Consultant, Cripps, Sears and Associates Limited, Personnel Management Consultants, 88/89 High Holborn, London WC1V 6LH. Telephone: 01-404 5701.

Cripps, Sears

SOLICITORS OR ACCOUNTANTS
FOR PROJECT FINANCE

The Project Finance Department of this leading Merchant Bank has played a major role in capital projects world-wide, providing powerful financial modelling facilities. They seek a professionally qualified Solicitor or Accountant, aged 26-28, with entrepreneurial flair and experience within a City firm.

Initially working as part of a team you will provide legal or accountancy back-up to specific projects and report to a Director in the International Division. Promotion will be rapid for the individual who is confident, articulate and capable of taking the initiative. Ideal for a positive thinker wishing to develop into a deal-making banker. Salary £17,000 plus banking benefits.

Please ring Sara Bonsey.

18, Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-628 4835

CAPITAL FUTURES
RECRUITMENT CONSULTANTS

SENIOR BOND DEALER

BAYERISCHE LANDESBANK GIROZENTRALE, one of Germany's largest banks, requires a further trader to augment its London Branch dealing team.

The successful candidates should be fully experienced in fixed income bond markets and will be required to run substantial positions, dealing mainly in Eurobonds, American and Canadian Treasuries and the UK gilt market.

This is a senior position with the opportunity to progress to the management structure of the Branch. Salary, whilst negotiable, will be commensurate with experience plus normal fringe benefits.

Please apply in writing to:
The Personnel Manager
BAYERISCHE LANDESBANK GIROZENTRALE
33 King Street, London EC2V 8EE

UNITED FINANCE AND INVESTMENTS (LONDON) LTD

Requires two additional members for its Foreign Exchange Dealing team.

SPOT DEALER

Minimum 2 years appropriate experience in a major currency, acquired within an active environment. Please phone Mr R. Safieddine for an appointment on 01-499 8204.

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Connaught

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The Executive Job Search Professionals

STOCKBROKERS

Investment analyst required to prepare research material on special situations and leading shares, primarily for the firm's private clients.

Previous Stock Exchange experience is essential, and knowledge of at least one foreign language an advantage. Salary negotiable.

Applications to:

M. J. Hooper, Charles Stanley & Co.
18 Finsbury Circus, London EC2M 7BL

Accountancy Appointments

Group Finance Director

Major UK PLC
North Midlands base
£60,000 + options

This major international group is currently embarking on a policy of further growth. To work closely with the Chairman and Group Managing Director in the execution of this policy they wish to appoint a Group Finance Director of the highest stature.

The role will be wide ranging and the challenge significant. The ability to direct and control a finance and accounting function will be a prerequisite. The critical areas of experience which will distinguish the outstanding candidate will be participation in commercial decision making at the highest level, involvement in strategic planning and a high level of credibility with financial institutions in the City of London and elsewhere.

As advisors to our client on this important appointment, we will fully respect the confidentiality of any initial approach and will be happy to hold informal discussions to assist potential candidates.

Initially, please write with a full CV quoting reference MCS/4024 to Gavin Adam,
Executive Selection Division
Price Waterhouse
Management Consultants
Southwark Towers
32 London Bridge Street
London SE1 9SY

Price Waterhouse

Group Finance Director

London — **from £30,000 + car + participation**

One of the most successful businesses in its sector, our client has built an outstanding reputation for innovation and business development skills. The next stage will be a quotation followed by the combination of a further period of high organic growth together with an aggressive acquisition policy.

Accounting standards are high and, therefore, the responsibilities of the Group Finance Director, which is a new appointment, will be concentrated on:

- ★ relationships with the City before, during and after flotation;
- ★ development of the Group's strategic planning function;
- ★ instituting and executing the Group's acquisition strategies.

Candidates, who should be close to the 30-40 age range, must be able to demonstrate the highest level of achievement in at least 2 of these 3 areas of responsibility. A qualified accountant, ideally your experience to date should be service industry/consulting based.

Level of remuneration will not be a limiting factor and will consist of a substantial basic salary, share options, profit share and the usual benefits. The environment is demanding but satisfying, the opportunity one where the individual's contribution will be crucial to the future success of the business.

Interested applicants should write to Nigel Bates FCA, Executive Division, enclosing a comprehensive C.V., quoting ref: 290, at 39-41 Parker Street, London WC2B 5LH.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
A member of the Addison Page PLC group

PROJECT ACCOUNTANT

Isle of Wight — **c. £16,000 + Overtime + generous relocation benefits**

Our services have been exclusively retained by a world leader in the electronics industry, involved in supplying export markets worldwide.

Due to the company recently acquiring a series of major contracts, an urgent need has arisen for an ambitious recently qualified accountant, with up to five years post qualification experience, to become closely involved in a wide variety of project and investigation work. Specific areas of involvement will include financial management, project profitability studies, financial modelling and strategy work.

Candidates must be qualified accountants (A.C.M.A., A.C.A., A.C.C.A.) with a minimum of two years management accounting experience. The successful appointee must be highly mobile, and prepared to "get his or her hands dirty". In return, the company offers very exciting career potential with the opportunity to transfer to other centres in the U.K. and elsewhere overseas.

Applicants should write, in complete confidence, enclosing their c.v. to **Trevor Atkinson F.C.A.** or **Caroline Benton** at our London office **quoting reference number 5862.**

410 Strand, London WC2R 0NS. Tel: 01-836 9501
163a Bath Street, Glasgow G2 4SQ. Tel: 041-226 3101
India Buildings, Water Street, Liverpool L2 0RA. Tel: 051-227 1412
113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744
Brook House, 77 Fountain Street
Manchester M2 2EE. Tel. 061-236 1553

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

Group Accounting

Central London — **c£20,000**

Our client, one of the UK's largest commercial groups, includes many household names in the leisure/fmcg sectors. Recent promotion has resulted in the need to recruit a key member to the group accounting team.

Contributing in the broadest sense to the production and analysis of management and statutory accounts, you will also have responsibility for the introduction and on going control of the mini/micro computer and word processing equipment and systems within the finance department.

This multi-disciplinary role demands outstanding ability in the interpretation of management information together with detailed understanding and practical experience of mini-computer systems. A qualified accountant, with a genuine commitment to the group's profitable expansion and continued success, your personal qualities should include self motivation, organisational ability and strong technical skills.

Prospects for promotion are excellent within this stimulating environment and interested applicants should write to Nigel Bates FCA, Executive Division, enclosing a comprehensive C.V., quoting ref: 289, at 39-41 Parker Street, London WC2B 5LH.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
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Oil Exploration and Production
Control Cash Management

Take charge of cash management and foreign exchange dealing in a role involving complex transactions, conducted in a wide range of currencies and in unusually large amounts.

The Louisiana Land and Exploration Company is an alert, flexible and financially strong U.S. independent oil company. Its London office takes charge of oil exploration and production throughout Europe, Africa and the Middle East.

As Cash Manager your prime responsibilities will include monitoring a definitive loan agreement in respect of U.K. production, processing revenues from Dutch production, attending to cash calls and cash forecasts and liaising with bankers. You will also arrange short term deposits and handle a variety of matters relating to payroll, benefits and petty cash.

You have several years' experience of cash management and foreign exchange dealing and ideally have a background in banking. You are a good communicator, have a mature attitude and will command a competitive salary, car and comprehensive benefits.

Please write promptly, with c.v., to Sue Jagger of Cripps, Sears & Associates Limited, Personnel Management Consultants, 88/89 High Holborn, London WC1V 6LH. Tel: 01-404 5701.

Cripps, Sears

Careers in . . .
INTERNATIONAL BANKING
for the newly-qualified Accountant

FINANCIAL ANALYSIS
c.£16,500

We are recruiting for one of the world's largest banking groups. In line with the expansion of a sophisticated financial control function, the emphasis of this new position is on developing management information and performance analysis in relation to the group's global investments and overseas branch network. Working initially in a small, highly-qualified team, this is an ideal opportunity for a recently qualified Accountant to move into international banking with a prime name which offers several challenging career options.

Contact: Kevin Byrne

YOUNG ACA'S
First Move into Banking
up to £17,000

We have a number of positions for ambitious newly qualified Accountants to move into international audit and high level operational review. This position involves investigative "problem solving" work for line departments, with the additional advantage of overseas travel (c25-30%) There is a proven record of moving ACA's into mainstream banking after an 18 month training period. This position can be regarded as an ideal first move into banking, with excellent prospects.

Contact: Sarah Beaumont

Telephone: 01-588 6644

Anderson, Squires Ltd, Bank Recruitment Specialists, 127 Cheapside, London EC2V 6BU

Anderson, Squires

Financial Manager

Distribution company poised to expand

c.£20,000 + car — **South Oxfordshire**

The company is the UK sales and distribution subsidiary of an international group, serving primarily the automotive aftermarket and expanding rapidly through acquisition and product development. An acquisition planned for the New Year will treble both turnover and customer base in the UK.

In this new post you will report to the Managing Director, but have a strong functional link to the European VP-Finance based in Paris. A key member of the senior UK management team, you will be responsible for the overall financial management of the company and for developing financial policies and systems appropriate for the enlarged business.

You must be a qualified accountant with a record of achievement over several years in industry or commerce, ideally within a sales and distribution operation. Experience of developing computerised accounting systems is essential, as are good communication skills and a strong commercial outlook.

Starting salary is negotiable depending upon experience. Other benefits include car, pension scheme, BUPA life assurance and, if appropriate, relocation assistance.

Please write - in confidence - with full career and salary details to Peter Evans ref. B. 49319.

This appointment is open to men and women.

HAY-MSL Selection and Advertising Limited,
52 Grosvenor Gardens, London SW1W 0AW.

Offices in Europe, the Americas, Australasia and Asia Pacific.

HAY-MSL
MANAGEMENT SELECTION

Finance Director Designate

Leeds — **Public Company** — **From £25,000**

Barr and Wallace Arnold Trust plc, a major public group with turnover in excess of £100 million and operating in the fields of leisure and holidays, motor distribution and fuel distribution, requires a finance director designate.

The objective is for the FDD to assume the responsibility of group finance director within twelve months of appointment. A major feature of the job will be financial and commercial contribution to the development and implementation of the group's business strategy, including further acquisitions.

The successful candidate will most likely be a chartered accountant with a degree, who can combine sound professional experience and a proven record in industry or commerce. Involvement in the formulation of business strategy and in acquisitions is essential. Preferred age range: 35-42.

The remuneration package will include quality car and other significant benefits. Relocation assistance will be provided where appropriate.

Please write in confidence providing full details to M D Beaumont (ref 408).

KMG Thomson McLintock
Management Consultants
Royal Exchange House City Square Leeds LS1 5NU

TREASURY

A sophisticated treasury function at the core of an internationally known financial services group seeks a planning specialist to complete its high level team. The successful candidate will be a graduate with good communication skills, an accounting qualification, and the ability to contribute to the strategic development of the company. Close involvement with operating subsidiaries calls for an element of international travel. Ref: PAB.

CITY — **£25,000+Car**

FINANCIAL SERVICES

A leading company in the financial services sector requires a Senior Financial Accountant to take responsibility for 20 staff in its Head Office accounts department. Key responsibilities will be for the preparation of statutory accounts, corporation tax computations, investment accounting and systems development. This high profile role requires a qualified accountant with strong communication skills and the ability to make rapid career progress: Ref: SW.

CITY — **c.£20,000**

CHIEF ACCOUNTANT

A progressive property development and construction company seeks a young, ambitious accountant for a high profile management role. As a member of the management team, the Chief Accountant will assume responsibility for all company accounts, cash flow forecasts and profit analysis, managing 6 staff. Applicants should be commercially aware, qualified accountants, under 32, with a strong personality and a practical approach. Excellent prospects. Ref: CW.

C. LONDON — **£18,000+Car+Profit Share**

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Accountancy Appointments

The University of Manchester
CHAIR IN THE DEPARTMENT OF ACCOUNTING & FINANCE

The University invites applications for a new Chair in the Department of Accounting and Finance. Other Chairs in the Department are occupied by John Arnold and Robert W. Scapens. Salary will be within the normal professional range, with superannuation benefits. Applications (one copy suitable for photocopying), giving full details of qualifications and experience and the names and addresses of three persons to whom reference may be made, should be sent not later than January 15th, 1986 to the Registrar, The University, Manchester M13 9PL, from whom further particulars may be obtained. Please quote ref 254/85/FT.

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Ambitious Young Accountants

To £18,000 Central London

For one of the world's largest and most dynamic oil companies engaged in all major activities within the oil and petroleum industry.

Working in a small team environment the company offers:

- ★ **Rapid promotion opportunities.**
- ★ **Positive career development.**
- ★ **Exposure to all accounting areas.**
- ★ **Highly visible position.**
- ★ **Liaison with Senior Management.**

This outstanding opportunity is only open to young qualified accountants with strong interpersonal skills, enthusiasm and the commitment that is required of tomorrow's Senior Managers.

The company is an equal opportunity employer and positively welcomes applications from men and women and members of ethnic minority groups.

Please send your career details in *strict confidence* to David G Rush quoting reference 6813.

Mervyn Hughes Alexandre Tic (International) Ltd.
Management Recruitment Consultants

37 Golden Square, London W1R 4AN.
☎ 01-434 4091

Financial and Commercial Director

London *c.£30,000 + car & benefits*

BOS was established in 1981 as an independent company and has developed into one of the leading international suppliers of high quality software products for micro-computers. Expansion into other aspects of the computer market is now underway. A USM listing is planned for 1987.

The Financial and Commercial Director will report to the Chairman and will not only have complete responsibility for all financial and many administrative matters but, far more importantly, will bring financial judgement and commercial flair to bear on the Group's affairs, so making a real contribution to the planned development.

Candidates should be graduate Chartered Accountants, in their thirties, who can demonstrate a broad perspective on business matters as well as sound financial and accounting skills.

Please reply to James Shoesmith, in strict confidence with details of age, career and salary progression, education, qualifications, and daytime telephone number, quoting reference 15-10/FT on both envelope and letter.

BOS
BUSINESS OPERATING SOFTWARE

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

PRIME

Finance and Administration Manager

Middlesex c£25,000 + car + BUPA + performance related bonus

Prime Computer, a large multinational computer systems manufacturer currently achieving 35% compound growth, has identified the need to appoint a Finance and Administration Manager for one of its fastest growing business operations.

The Operations Group, based in Feltham, is responsible for the development and growth of overseas markets and increasing the sales of Prime's products throughout Europe, the Middle East and Africa using a network of individual distributor companies, in territories where Prime does not have its own subsidiary operations.

Characterised by aggressive sales, marketing and product strategies, they are well positioned to continue current trends, but they now need to enhance the effectiveness of their business management.

Reporting to the Operations Director and acting as a member of the senior management team, the role supported by a team of four, will be responsible for overall financial management and commercial advice, in addition to standard financial control.

You should be a graduate calibre, qualified accountant aged 28-33, with a highly developed commercial awareness, preferably gained in a similar competitive business environment. Additional personal qualities will include excellent inter-personal skills, professional managerial ability and a real commitment to success. A second language would be advantageous and a willingness to travel is essential.

Please reply in confidence, giving concise career, personal and salary details, quoting ref. SV1029 to Tony Martin at Kingsbury House, 6 Sheet Street, Windsor SL4 1BG or telephone on Windsor 856151.

MP
Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
A member of the Addison Page PLC group

Financial Accountant for Ferguson

Excellent Salary + Car + Fringe Benefits in Enfield

This U.K. giant in T.V., Video, Hi-Fi and other high technology seeks a financial professional to join its accounting team. The role would involve the production of monthly management accounts, profit and loss accounts, half year and year end accounts and capital employed. This is a useful opportunity for a young and ambitious graduate accountant who is unafraid of the deadlines and pressures in a tough volatile environment. Apart from the competitive salary, generous fringe benefits include a fully expensed executive car, comprehensive relocation package (including mortgage subsidy), BUPA, company discounts and subsidised lunches.

Apply in confidence with full written details, quoting reference 2121 to Mrs Indira Brown, Corporate Resourcing Group Limited, 6 Westminster Palace Gardens, Artillery Row, London SW1P 1RL. Telephone 01-222 5555.

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BTG
British Technology Group

Investment Executive

London to £20,000

The British Technology Group, an organisation combining the resources and skills of NRDC and NEB, provides a major force for promoting innovation and investment in British technology at home and abroad.

Our Investments Division is seeking an Executive with a background of experience relevant to investment appraisal, negotiation and monitoring. Candidates should be either qualified accountants or business graduates with a genuine interest in the promotion of new technology.

The Division is concerned with the appraisal and subsequent performance monitoring of advanced technology investments. High professional standards are essential and candidates must demonstrate an ability to co-operate with colleagues from other disciplines in a wide range of business situations.

Please write or telephone for an application form or send your C.V. to: Personnel Manager, British Technology Group, 101 Newington Causeway, London, SE1 6BU. Tel: 01-403 6666.

GROUP FINANCE DIRECTOR

West Yorkshire c.£25,000 + car + benefits

Our client, an expanding property, consumer credit, and manufacturing group, requires a Group Finance Director with commercial flair to join an aggressive young board dedicated to profitable diversification and expansion.

Reporting to the Managing Director, he or she will be responsible for:

- representing the company in its dealing with the Stock Exchange, financial institutions and investors;
- providing the board with the financial and commercial advice and information necessary for controlled growth;
- controlling the development of new computer-based information systems.

The ideal candidate will be a chartered accountant aged between 30 and 45, with the ability to communicate effectively with non-financial managers, and a proven track record of:

- negotiation with financial institutions;
- success at board level;
- control of the development of computer systems.

This is a new challenging post in a company where the emphasis is on controlled, profitable growth.

If you want to be involved, please send a full career résumé with salary history to Terry Dennis, Executive Selection Division, at the address below, quoting reference 2339. Interviews will be held in Leeds and Manchester.

Touche Ross
The Business Partners
PO Box 500, Abbey House, 74 Mosley Street, Manchester M60 2AT. Tel: 061-228 3456.

Finance Director (Designate)

Central London c£25,000

For a young and progressive training organisation which operates nationally and is a market leader in its specialist field. It is backed by a well known and successful plc.

In this new post you will report to the Managing Director and be responsible for all aspects of the finance function. You will be a key member of the management team and be expected to make a major contribution to the profitable development of the business.

You will have trained in one of the major accounting firms and must have had good quality experience since either in the profession, industry or commerce. Personality is as important as technical ability and you must be able to get on with people at all levels. Remuneration is for discussion and will include profit share. An early Board appointment is envisaged.

Please write in confidence to John Cameron, quoting ref. C443, at 11 Gough Square, London EC4A 3DE (telephone 01-583 3911).

Chetwynd Streets
Management Selection Limited

Group Financial Controller

Financial Director Designate

Age 25-35 Newbury £18,000 + car

A qualified Accountant is required to assume full responsibility for accounting and financial functions of an expanding group based at Newbury and with a US subsidiary. The trade is international and based upon construction and supply of materials handling equipment.

The successful candidate will be familiar with the latest stock control and data processing techniques.

Apply in writing with full C.V. to:

EVANS RANKIN (Ref. 2/11), 9 John Street, London WC1N 2EZ

Financial Controller

Based: South Wales c£23,000 + Car

Our client, a fast growing industrial cleaning and maintenance services contractor, targetting flotation on the USM within 2 years, is seeking a professional accountant to strengthen its financial management and to assist in its development.

Apart from day to day control of the accounting function, the financial controller will be involved in the development of information systems, providing commercial support for contracting, conducting ad hoc financial studies and take responsibility for cash management. The appointee will be an integral member of the Group's management team and will report to the Managing Director. Success in the role will lead to an early opportunity for a board appointment.

Candidates for the position, ideally in the age range 30-40, will possess a professional accounting qualification, have sound experience in financial management, preferably within a contracting business, and have knowledge of computerised systems. The personal qualities required of candidates are good communication skills, a high degree of personal motivation coupled with the ability to motivate others and enthusiasm to work hard in a challenging business.

In addition to the basic salary, the position offers a company car, non-contributory pension, private medical insurance and four weeks annual leave. Relocation expenses will be paid where appropriate.

Applications, giving full personal and career details should be submitted quoting reference S/739/1 to Alan Stanley FCCA at: Stoy Hayward Associates, Management Consultants, Executive Recruitment Division, 8 Baker Street, London, W1M 1DA.

SH
Stoy Hayward Associates
MANAGEMENT CONSULTANTS
A member of Horwath & Horwath International

Group Accounting Manager

West End c£23,000+Car+Benefits

Our client is a major investment holding company with net assets of £½BN. The manager, who reports to the Group Chief Accountant, will control a staff of eight engaged in the preparation of monthly and statutory accounts for the group's U.K. and overseas interests. A mini computer is extensively used and therefore familiarity with computer systems is essential as is technical accounting skills and a knowledge of taxation. Applications are invited from ambitious chartered accountants aged 30/35 who are currently at managerial level in practice or possibly an international commercial group. In addition to attractive salary, benefits include fully expensed car, share option scheme, non contributory pension scheme, life assurance and five weeks holidays.

Applications to R.J. Welsh.

Reginald Welsh & Partners Ltd
ACCOUNTANCY & EXECUTIVE RECRUITMENT CONSULTANTS
123/4 Newgate Street, London, EC1A 7AA. Tel: 01 600 8387

Accountancy Appointments

Financial Director

International Equities

c£50,000 + banking benefits

Part of a major banking group, our client is a significant force in the international equities market. Following acquisitions in both stock-broking and market making, the company is undergoing rapid expansion.

The Financial Director will play a major part in the integration and development of the business. In a new appointment reporting to the Chief Executive, he or she will be responsible for the full financial and administration function. Liaising with the parent group and working closely with operations management, the Financial Director will help structure, guide and manage the company's growth, both in the UK and overseas.

Applicants should be graduate accountants with an impressive career record to date. A background in financial services would be advantageous but the company will consider clearly outstanding applicants from the accounting profession or management consultancy.

Please write enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/352/ZF.

Lloyd Management

125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

Computer Audit

Leading International Financial Services Group

City based *c.£28,000*

The company has a reputation for successful innovation in new products and services. Management is committed to a significant systems development programme as part of overall business strategy.

The internal audit department wishes to develop its expertise in computer audit techniques through the appointment of a Project Leader. Reporting to the Manager of Internal Audit, the Project Leader will assume responsibility for all computer audit work including that which relates to systems under development. The position offers the opportunity to work as part of a small creative team that maintains a high profile throughout the Group. Limited international travel to such places as New York, Tokyo and Sydney will be necessary.

The need is for an enthusiastic, energetic and highly professional graduate Chartered Accountant, aged 27-35, with at least three years experience in computer audit, some of which will have been at Manager grade. The ability to communicate effectively at all levels is essential. Career prospects are excellent.

Please reply to Martin Delbridge in strict confidence with details of age, career and salary progression, education and qualifications, quoting reference 1541/FT on both envelope and letter.

Deloitte Haskins+Sells

Management Consultancy Division

P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

Tax Partner Designate

North Surrey **£30,000–£35,000**

Our client is a well established and highly successful professional firm with two UK offices in the West End of London and Surrey, and strong international connections, linked by the common aim of providing a full tax and financial planning service to their many and varied clients.

They are currently seeking to recruit a senior tax specialist for their North Surrey office who will work alongside the present tax partner for a short period and then assume overall responsibility for the tax department, its operations and development. Technical responsibilities will involve the provision of tax advice and financial planning to wealthy individuals, partnerships and successful companies with both local and international backgrounds.

Candidates should be Chartered Accountants with the personal skills and technical ability one would naturally associate with a successful and progressive career in Public Practice. The level of experience required suggests that candidates will not be less than 30 years of age.

This is an exceptional opportunity to play a major part in the development of this expanding practice whose excellent position enables it to take advantage of the growing requirement for high quality financial advice throughout the South of England.

For further information please contact Lindsay Sugden ACA on 01-831 2000 (evenings and weekends 01-789 2295) or write to The Taxation Division, Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH. Strictest confidentiality is assured.

MP

Michael Page Partnership

International Recruitment Consultants

London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney

A member of the Addison Page PLC group

Merrill Lynch

Exceptional opportunities with a major US Financial Institution

Newly/Recently Qualified **City Based**

Merrill Lynch, one of the largest US Financial Services Groups, has two openings for newly or recently qualified Accountants. Candidates should have an above average track record, a flexible and mature professional attitude and the ability to develop a fast stream career in the banking and finance sector.

Working within a young, energetic and enthusiastic team, the role will involve operational review and risk evaluation across the entire spectrum of Merrill's activities including investment banking, the US and UK security and commodity markets, Euro securities and banking activities. Overseas assignments will involve travel (approximately 25%) to the US, Europe, the Middle East, the Far East and South America.

The department has always been seen as a good training ground for potential management and therefore career prospects are excellent.

Remuneration will be highly competitive and commensurate with the importance of these positions. Please contact Peter Morris or Hugh Everard on 01-831 2000 or write, enclosing a CV, to Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH, quoting ref. L2064.

MP

Michael Page Partnership

International Recruitment Consultants

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ACCOUNTANCY APPOINTMENTS
Appear Every THURSDAY
For further information, contact:
LOUISE HUNTER on 01-248 4864

Financial Controller

c.£16,000 Based London

My client, a well established but expanding group of companies with a turnover of £18 million, offers, due to expansion, an exceptional opportunity in a dynamic and varied atmosphere.

Reporting to the Group Financial Director, the successful applicant will be aged 30-40 years and able to demonstrate the following qualities:

* Strong interpersonal and motivational skills,
* ACA or ACCA qualification preferred,
* An understanding of all facets of financial and budgetary control,
* Hands on experience using microcomputer based systems,
* Willingness to learn and become involved in all aspects of the group's business,
* An advertising or media background whilst preferred is not essential,
* The ability to make things work by the persuasion and leadership of a capable and dedicated team.
* Creative flair together with the ability to meet deadlines is essential.

The successful candidate will be seeking long term career development. Promotion, in the medium term to Finance Director is a distinct possibility.

For further details please telephone or write with full career details to: Mike Edwards, ARA International, UK Selection, Recruitment Division, Edman House, 17-19 Maddox Street, London W1R 0EY. Telephone: 01-629 2356.

ARA International

UK SELECTION RECRUITMENT DIVISION

MANAGERS OF THE FUTURE!

ACA'S 23-28 **c. £17,000 + CAR**

Fast expanding UK LEISURE industry MULTI-NATIONAL with worldwide turnover c. £1,400m and major interests in FRANCE, GERMANY, UK and the UNITED STATES, seeks young graduate ACAs who can help make an IMMEDIATE PROFIT IMPACT on all aspects of the group's operations. The positions are LONDON based and involve a modicum of overseas and domestic travel.

YOUNG ACAs in the probable age range 23-28 with personality, sophistication, style, flair and the capacity for sustained and effective hard work will find REAL JOB SATISFACTION working in a stimulating team environment.

Candidates for these positions should consider themselves SUPER-DYNAMIC FAST TRACK young men and women who have the ability to succeed in a demanding and fast changing commercial environment and are capable of reaching the highest echelons of British industry. A full relocation package is available in appropriate circumstances.

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1-3 Mortimer Street, London W1
Tel: 01-580 7695/7739 (direct)
01-637 5277 ext. 281/282

Accountancy Appointments Europe

INTERNAL AUDITOR

to £16,500 p.a. + Banking Benefits

Covent Garden

Mercantile Credit, part of the Barclays Bank Group, has a vacancy for an ambitious young qualified Accountant who is seeking that next important career move within a highly professional organisation.

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PEAT MARWICK

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday November 28 1985

Stet and Fiat agree to merge subsidiaries

BY JAMES BUXTON IN ROME

STET, the Italian state-controlled holding company for the telecommunications industry, and Fiat, the country's largest private-sector concern, yesterday announced an agreement aimed at achieving a merger of their respective subsidiaries, Italtel and Telettra.

The merger of the two companies, whose 1984 sales totalled about L1,400bn ($813m), would concentrate Italy's expertise and productive capacity in telecommunications switching and transmission. Italtel specialises in the former and Telettra in the latter.

It would also be a significant alliance between IRI, which owns Stet, and the Fiat group, the flagship of Italy's private sector.

As a first step to the merger, Stet and Fiat will set up a jointly owned holding company to explore the prospects and procedures for a merger. The company, with an initial capital of about L1bn, will be owned 48 per cent by each of the two parent companies and 4 per cent by an independent financial institution, acting on behalf of the jointly owned company.

If the studies end positively, probably by the end of next year, Stet and Fiat will gradually transfer their shares in Italtel and Telettra to the joint company.

Stet and Fiat said yesterday this co-operation was "the only possible way to rationalise the telecommunications sector in our country to make it competitive at the international level."

Italtel, which had sales of L1,022bn last year, concentrates mainly on making switching equipment and has a guaranteed two thirds of the Italian market for this product. It makes a new generation of electronic exchanges in partnership with GTE of the US and Telettra.

Telettra, whose sales last year were L412bn, specialises in telecommunications transmission equipment. Two thirds of its sales come from markets outside Italy.

Veba 19% ahead for first nine months

By Peter Bruce in Bonn

VEBA, the energy, oil and chemicals group which is West Germany's biggest company, said yesterday it expected to pay a dividend this year of at least 18 per cent, following a 19 per cent rise in group net profits in the first nine months of 1985 to DM 387m ($152.38m).

Veba, which last year raised its dividend from DM 7.50 to DM 9, or 18 per cent, also said it expected results for the full year to improve on a "good" 1984.

The group, in which the Government has a stake of just under 30 per cent, said sales, at DM 38.5bn, were static

This partly reflects the sale by Veba's trading houses, Stinnes and Raab Karcher, of the supermarket chain Deutsche SB Kauf to a consortium of banks and the rival Asko chain earlier this year.

In addition, Veba's chemicals operation, Hüls, has recently sold its fertiliser business to Norsk Hydro. The sales are thought to have shaved 4.2 per cent off total turnover.

Mr Rudolf von Bennigsen-Förder, Veba's chief executive, said last night that the 1985 results would also enable the group to restock its cash reserves further following a DM 319m strengthening last year. Veba is in the middle of a DM 18.8bn investment programme

The group's oil recovery and refining business, Veba Oel, which made losses last year in refining and returned earlier this year to make modest profits, raised its refining output 7.2 per cent to 1.7m tonnes in the first nine months.

Cuccia wins Mediobanca board place

BY ALAN FRIEDMAN IN MILAN

DR ENRICO CUCCIA, the controversial 78-year-old director of Mediobanca, the Milan merchant bank, was yesterday named to a new three-year term as the director representing Lazard Freres, a minority shareholder of the bank.

The nomination of Dr Cuccia went ahead despite disorder at Mediobanca's annual meeting, which lasted for nearly eight hours.

The attempt last month by IRI, the state holding group which owns 56.9 per cent of Mediobanca, to oust Dr Cuccia led to the power struggle between state and private shareholders.

The struggle was resolved on Tuesday evening when IRI gave its formal approval to a compromise package which should see its control reduced initially to 50.1 per cent and after September 1986 to below 50 per cent.

In the first phase, the small group of minority shareholders, who have equal decision-making power with IRI despite holding only 1.57 per cent of the control syndicate, will spend around L130bn ($75.5m) to buy more than 6 per cent of shares from IRI.

These minority shareholders include Pirelli, Lazard Freres, Lazard Brothers in London and the Berliner Handelsbank. The second phase of the agreement calls for an enlarged group of private shareholders and for IRI to drop below 50 per cent of Mediobanca.

Until yesterday, when his term ended, Dr Cuccia was a Mediobanca director appointed by IRI. But the state holding group refused to reappoint him on the ground that he was eight years beyond the mandatory retirement age of 70 years.

Dr Cuccia, who is under investigation by a Rome magistrate in connection with an IRI embezzlement scandal dating from the 1970s, has for many years been Italy's most influential dealmaker.

His personal rapport with the Agnelli family and other top industrialists has allowed him to create a network of power based on industrial crossholdings and key Mediobanca share stakes in Fiat, Montedison, Pirelli and other companies.

New warrants structure sparks demand

BY MAGGIE URRY IN LONDON

MORE Eurobond issues with warrants attached came to the market yesterday, and a new structure dreamed up by Société Générale met strong interest.

Banque Française du Commerce Extérieur is achieving cheap funding through a $270m floating-rate-note deal which comes with 300,000 income warrants priced at $100 each. These warrants pay an annual coupon of 9¼ per cent and give the right to buy a $1,000 bond paying a 9⅜ per cent coupon for $900. The maturity of both the floater and the fixed-rate bond is March 1996. Société Générale is lead manager.

Terms on the floater are a coupon of 4 basis points over three-month London inter-bank offered rate (Libor) and issue price of 100.05. Fees are 12 basis points.

The warrants are similar to a partly paid issue, where investors put up a small proportion of a bond's price initially and receive interest on that amount. But instead of the usual year or so until payment is made, these have a five-year life, with quarterly exercise dates. And if, at the end of five years, it has not proved worthwhile to pay for the bonds, the investor will have received some income throughout. The floater can be redeemed in the extent that the warrants are exercised.

The issue found big demand, and the floater was trading above par while the warrants were quoted at $108 to $112. One warrant dealer said: "This is the cheapest warrant in the market."

Morgan Stanley used its "harmless" warrant structure again for a $100m issue for McDonald's, the US hamburger chain. The bonds, which have a 10 per cent coupon and 10-year life, are callable after four years, and the warrants buy into a non-callable bond with the same terms. During the first four years the warrants can be exercised only by surrendering the bonds.

The bonds were priced at 101⅛, and the warrants, dubbed McWarrants, were priced at $17. Some traders said the structure was beginning to pall. The bonds were bid just outside the 1⅞ per cent fees, and the warrants were trading around $18.

An issue from CSR Finance, guaranteed by CSR, the Australian resources group, came with "option bonds" similar to equity warrants, which are popular in the bond market. The $100m deal, led by S. G. Warburg, has a 10-year life with a 7½ per cent coupon and par issue price. Each $5,000 bond has 17 option bonds, each giving the right to buy 100 shares at A$3.80. The shares' previous market close was at A$3.60.

Fees totalled 2½ per cent, and the bonds were trading well within the 1½ per cent selling concession at around 99½, compared with the par issue price.

Another issue backed by a New York office property was launched by Salomon Brothers. This deal, for Fisher Brothers Financial Realty, is similar to the Olympia and York Maiden Lane issue launched on Tuesday. The $160m 15-year bond has gained an AA rating from Standard & Poor's as the rents from the building plus other credit backing will more than cover the 10⅜ per cent coupon on the bond. The building, in mid-town Manhattan, is valued at more than $200m and is 99 per cent occupied.

The longer maturity than the Olympia and York deal made it less attractive though the issue was priced to yield a higher 93 basis points above US Treasury yields with a 99⅝ issue price and fees of 2¼ per cent. The bonds were trading around those fees.

The Eurodollar fixed-rate market was steady yesterday, with activity from end investors again at a low level. Philip Morris is considering launching a $500m issue today with Union Bank of Switzerland (Securities) as lead manager.

A two-tranche issue for the European Investment Bank was launched in the Ecu sector by Banque Bruxelles Lambert. The first Ecu 40m part has a five-year life with a 8⅜ per cent coupon and 99⅜ issue price. It was trading around the issue price.

The second portion, for Ecu 60m, has a seven-year maturity and a 8¾ per cent coupon with a par issue price. This was moving more slowly but was still trading comfortably within the 1⅛ per cent selling concession.

In the D-Mark market Westdeutsche Landesbank cut the coupon on the DM 150m convertible issue for Minolta Camera from the indicated 2½ per cent to 2¼ per cent. The bonds continued to trade well above the par issue price at 102.

In the Swiss franc foreign bond market Banca della Svizzera Italiana indicated a 3 per cent coupon for a SFr 80m issue with equity warrants for Sankyo Aluminium. The bonds have a five-year life.

In the secondary market prices were little changed in dull trading. Italy's zero-coupon issue, with a 20-year life and SFr 300m redemption value, started trading yesterday in Geneva, closing at 33¼

● Heron International Group of the UK is arranging a $75m, five-year note issuance facility in the Euromarkets through Barclays Merchant Bank. The deal carries an underwriting fee of 12.5 basis points, and notes will be issued at a maximum yield of 17.5 points over Libor.

International bond service, Page 20

Philipp Holzmann warns of sharp decline in building work

BY JOHN DAVIES IN FRANKFURT

PHILIPP HOLZMANN, one of West Germany's biggest building concerns, has reported a decline in building work, except in its rapidly expanding US business.

The value of building work carried out by Holzmann in the first nine months of this year fell 14.6 per cent to DM 5.33bn ($2.1bn). Its domestic work was hampered by bad weather earlier this year, and although US activity increased by 24 per cent, other foreign business receded sharply.

Holzmann attracted more orders in the US (up a third at DM 3bn). However, other foreign orders were down 35 per cent while domestic orders were at the same level as last year.

Holzmann said earnings were affected by the decline in building volume, the burden of fixed costs and tight margins on new business. Even so, profits this year should be "appropriate." Last year the group reported net profits of DM 42m, compared with DM 48.7m in 1983.

Meanwhile, Hochtief, Germany's other big building concern, increased the value of its building work to DM 4.1bn in the first nine months of this year, compared with DM 3.47bn in the same period last year.

Its inflow of orders was also slightly ahead of a year ago at DM 4.17bn.

Hochtief said competition for foreign orders had become even harder and the best prospects were in co-operation with local companies.

It said prices for building work within West Germany had scarcely risen in the past 12 months while material and labour costs had gone up. As a result, Hochtief expected a tight earnings margin on domestic business.

Hochtief has built up a reputation as a highly profitable concern. It reported group net profit of DM 227m last year, compared with DM 284m in 1983.

German Brown Boveri shares suspended

By William Dullforce in Geneva

STOCK MARKET trading in the shares of Brown Boveri of West Germany, the electrical engineering group, was suspended in Frankfurt yesterday at the company's request.

The German company is 56 per cent owned by Brown Boveri of Switzerland. Officials at the group's Swiss headquarters in Baden said yesterday that the suspension would remain in force until Monday when a statement would be made following a group board meeting.

At its DM 298 suspension price, Brown Boveri Germany has a stock-market value of about DM 930m ($365m). In bourse circles speculation has lately centred on the prospect of the Swiss parent company bidding for the German minority.

Brown Boveri Germany increased net profits from DM 18.4m to DM 25.4m in 1984 and made further progress over the first six months of 1985, thanks to a strong order inflow.

The company's fortunes in recent years have been mixed. It paid an unchanged dividend of DM 6 a share for 1984, against a payout of DM 8 in 1980.

Rembrandt first-half earnings rise 60%

BY JIM JONES IN JOHANNESBURG

REMBRANDT, the South African tobacco, liquor and industrial conglomerate, increased pre-tax profits by 60 per cent in the six months to September 30.

Pre-tax profits rose to R169.9m ($64.3m) from R109.5m in the corresponding six months of 1984. Taxed profits attributable to ordinary shareholders rose to R119.8m from R83m.

The group gives no details of contributions from its various divisions. However, the South African liquor trade has been hit by the country's recession. Cigarette sales have held up well, and prices have been increased to compensate for rises in manufacturing and raw-material costs.

Rembrandt has benefited from the decline of the rand on rand-denominated earnings of the group's foreign tobacco interests. The group also has large cash holdings inside South Africa and abroad and has benefited from high interest rates and the effect of the rand's decline on foreign-interest income.

The group has a 30 per cent interest in Volkskas, South Africa's fourth largest bank, which is taking over Boland, a small competing bank.

First-half earnings increased to 320.5 cents a share from 238.3 cents, and the interim dividend has been raised to 46.5 cents a share from 40 cents.

Electrolux hit by falling US dollar

By Kevin Done in Stockholm

ELECTROLUX, the Swedish household appliances group, yesterday reported stagnating profits in the first nine months of the year despite a 13 per cent increase in group sales to SKr 27.9bn ($3.6bn).

Profits, after financial items, totalled SKr 1.7bn compared with SKr 1.6bn in the corresponding period of 1984.

In the third quarter, profits declined by 5.5 per cent to SKr 430m chiefly as a result of the falling dollar exchange rate. Accumulated US sales and earnings were translated at the September 30 exchange rate.

The weaker dollar resulted in a charge of SKr 50m against third-quarter earnings compared with an addition to third-quarter earnings in 1984 of SKr 30m.

Of the sales increase in the first nine months of SKr 3.2bn, some SKr 2.57bn is accounted for by acquisitions

Mr Anders Scharp, Electrolux managing director, said demand in many of Electrolux's most important markets, including the US, had been weaker in 1985 than a year earlier with stiffer price competition.

Electrolux still expects Zanussi, the loss-making Italian household-appliances group in which it acquired a 49 per cent stake last year, to begin breaking even on a monthly basis by the end of the year.

Schwab sells bank shares

MR CHARLES SCHWAB, a director of BankAmerica and principal of the banking group's Charles Schwab discount brokerage unit, sold 82,000 of his BankAmerica shares in the open market in late October, Reuter reports from Washington.

The sales were made during the last eight days of October and began seven days after BankAmerica had announced its financial results for the third quarter of 1985, according to a filing with the US Securities and Exchange Commission.

BankAmerica announced net income for the third quarter of $65m, down from the $91m of the third quarter of 1984. The figure included a pre-tax gain of $310m from the sale of BankAmerica's San Francisco headquarters building.

Borg-Warner expands financial operations

BY TERRY DODSWORTH IN NEW YORK

BORG-WARNER, the US industrial and manufacturing group, is taking a further step in its long-term plan to diversify its earnings base with the acquisition of Chilton, a credit-reporting company, for $235m.

The deal follows a decision by the Chicago-based company to spin off its air-conditioning division to shareholders through a separate share distribution in 1984. Before taking into account these two developments, Borg-Warner generated $155m of its after-tax earnings from manufacturing activities and $51m from its services operations.

The group's structural changes during the past five years have resulted in sales of $270m worth of assets. At the same time, it has been building up its earnings from financial services and its security division.

Borg-Warner said yesterday these changes were helping it to smooth its earnings pattern, which has been affected in the past by its reliance on cyclical manufacturing activities.

Chilton had an excellent earnings record, the group added. It had generated income growth of 50 per cent a year during the past two years and had a strong management which would be left in place to run the business.

Sandvik heads for record

By Our Nordic Correspondent

SANDVIK, the Swedish cemented carbide and special steels group, is heading for a record profit this year following a jump of 82 per cent in earnings in the first nine months of the year.

In the first nine months of 1985, profits before non-recurring items jumped to SKr 1.25bn ($162.5m) compared with SKr 686m a year earlier. The improvement resulted chiefly from increased productivity

Group sales rose by 13 per cent to SKr 9.23bn from SKr 8.17bn a year earlier while orders increased by 11 per cent to SKr 9.89bn.

Degussa boosts sales revenue

BY OUR FRANKFURT STAFF

DEGUSSA, the West German precious metals and chemicals company, boosted its sales revenue by 4.9 per cent to DM 11.67bn ($4.6bn) in its financial year to September 30, according to preliminary figures.

The chemical business provided particularly strong momentum, with sales up 9.2 per cent at DM 3.94bn.

In 1983-84 Degussa increased its group net profit by 22 per cent to DM 110m and lifted its dividend to DM 9.50 from DM 9 a share.

Sales revenue abroad rose 10 per cent to DM 8.26bn in the latest financial year, making up nearly 71 per cent of total sales. Earnings of its US subsidiary had been hit by difficult market conditions.

Fare war threatens Braniff recovery

BY MARY FRINGS IN DALLAS

BRANIFF, the Dallas-based US airline, has reported its third consecutive quarterly profit for the period ending October 31. But its future prospects are clouded by an escalating fare war with its main competitors, American Airlines and Delta.

Third-quarter profits of $9.4m, or 78 cents a share, compare with a loss of $11.4m, or 93 cents, a year ago. This brings net earnings for the nine months to $24.6m, or $2 a share, compared with losses of $81.9m, or $6.89, a year ago, when the airline had been back in business for just six months after its bankruptcy and reorganisation.

Mr Ronald Ridgeway, who took over as Braniff's president in October 1984 and changed the airline's strategy to concentrate on the long-haul, low-fare market, is forecasting a profit for the full financial year ending January 31. This is despite the competitive rate-cutting which is expected to depress fourth-quarter revenues from the October figure of $67.1m. Revenue for the first nine months rose from $170.6m to $190.5m.

American Airlines and Delta, which had previously ignored Braniff's unrestricted bargain fares because of its limited schedules, this week decided to match them on all routes from Dallas-Fort Worth international airport.

Braniff reported a 66.1 per cent passenger-load factor for the third quarter. Officials said the airline was breaking even at 55 per cent but recent fare reductions would increase the break-even load factor by about 4 percentage points.

A year ago Braniff reduced its fleet to eight aircraft and cut staff from 2,200 to 1,088. Now it is back to 20 aircraft (all of them leased) and has cash in hand of more than $50m.

Earlier this week it was announced that the airline is to become a wholly owned subsidiary of Dalfort, itself a subsidiary of the Pritzker family's Hyatt hotel group.

West German banks invest in Tokyo

BY JONATHAN CARR IN FRANKFURT

WEST GERMAN banks are gradually moving to set up investment banking operations in Tokyo, despite what they still regard as the insufficient deregulation of Japan's financial markets.

Commerzbank revealed this week that it planned to seek a licence from Japanese authorities to establish such an operation, following hard on the heels of Deutsche Bank.

Dr Walter Seipp, Commerzbank's chief executive, said this would be one of the topics he would discuss during a visit to Tokyo next week.

A spokesman for Dresdner Bank, the other member of the big three German banks, stressed his bank was also interested in the Japanese investment banking sector

The German banks have long been pressing for a modification of Japanese banking rules which – in contrast to those in West Germany – insist on a clear division between commercial and investment banking.

In practice, this means that German banks which offer the full array of banking services under one roof cannot hold a stake of more than 50 per cent in an investment banking business in Japan.

Recent talks between the German and Japanese governments failed to resolve this, among other issues. As a result, Japanese banks remain barred from the lucrative business of lead-managing D-Mark Eurobond issues, which other foreign banks incorporated in Germany have enjoyed since last May.

Deutsche Bank has announced that it plans to open an investment banking operation in Tokyo next spring, despite the maintenance of the 50 per cent rule.

The Deutsche is taking on two industrial partners, Siemens and Bayer, in its Hong Kong investment company, simultaneously cutting its own stake to 50 per cent. This company will then set up the Tokyo operation.

Deutsche Bank is known to have taken this indirect road to Tokyo only with reluctance and in the belief that liberalisation of the Japanese markets will come eventually.

Danfoss expects lower earnings

By Hilary Barnes in Copenhagen

PRE-TAX earnings by Danfoss, the temperature-control, hydraulics and electrical equipment group, will be down to about DKr 300m ($32.6m) for the year which ended September 30 compared with DKr 391m in the previous year, the group said in a preliminary report.

The decline in earnings was ascribed primarily to a continued increase in fixed costs, especially for product development and marketing.

Group sales increased by 8 per cent to DKr 5.10bn. This was almost entirely a volume increase, the company said. Investment in building and equipment rose last year to DKr 330m from DKr 268m.

A further increase is expected in the current year, the company said. Danfoss is owned by a foundation and is not listed on the Copenhagen Stock Exchange.

Siemens buys remainder of US group

By Terry Dodsworth in New York

SIEMENS, the West German electrical group, has acquired the 12 per cent shareholding it did not already hold in Siemens-Allis, the US electrical and electronic-equipment manufacturer owned in collaboration with Allis-Chalmers, the Midwestern tractor company.

The deal, for an undisclosed sum, gives Siemens 100 per cent ownership of Siemens-Allis, which was launched in 1978 when the West German concern took a 20 per cent stake in Allis's electrical group.

Siemens-Allis makes a variety of electrical equipment for the utility and construction industries in 24 plants around the US. Although the company does not disclose profits, it employs about 8,000 people and generated sales in its last fiscal year of about $700m.

North American quarterly results

BROWNING-FERRIS INDUSTRIES
Waste disposal

Fourth quarter	1984-85	1983-84
	$	$
Revenue	309.9m	277.4m
Net profits	31.3m	24.9m
Net per Share	0.89	0.72
Year		
Revenue	1.14bn	1bn
Net profits	111.8m	89.2m
Net per share	3.20	2.86

REXNORD
Industrial components and machinery

Fourth quarter	1984-85	1983-84
	$	$
Revenue	303.5m	268.2m
Net profits	12.8m	9.4m
Net per Share	0.53	0.45
Year		
Revenue	1.1bn	921.1m
Net profits	36.1m	28.2m
Net per share	1.57	1.37

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for November 27.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amev 10⅝ 92	100	100⅜	100⅞	−0⅛	+0¾	10.23
Amex Credit 10⅞ 90	100	104	104½	0	+0¼	9.62
Atlant Richfld 10¼ 00	250	97¾	98¼	−0⅛	+0⅜	10.61
Australia Com 11¼ 00	100	106⅛	106⅝	−0⅛	+0⅝	10.36
Australia Com 11 95	200	105⅝	106⅛	+0¼	+0⅜	9.99
BP Capital 11⅛ 92	150	104¾	105¼	−0¼	+0¼	9.98
Campbell Soup 10½ 95	100	103⅝	104⅞	−0⅛	+0½	9.85
Canada 11½ 90	500	107¼	107¾	−0⅛	+0⅜	9.28
Canadian Pac 10¾ 93	100	104	104½	+0⅛	+0¼	9.98
Canadian Pac 12½ 89	75	104¾	105¼	−0⅜	+0⅜	11.18
CEPME 10⅛ 91	100	101⅛	101⅝	0	+0½	9.80
Chevron U.S.A. 12¼ 89	600	105¼	105¾	−0⅛	+0⅛	10.43
Citicorp 10 88	200	101¾	102¼	0	+0½	9.11
Citicorp 10⅛ 95	200	99½	100	0	+0½	10.05
Coca Cola 11¾ 91	100	107⅜	107⅞	−0¼	+0¼	9.96
Denmark Kingdom 11¼ 89	100	104¼	104¾	+0⅛	+0⅜	9.61
Denmark Kingdom 11½ 90	100	105½	106	0	+0¼	9.81
Denmark Kingdom 11½ 92	100	105¾	106¼	0	+0¼	10.14
E.D.F. 10 95	225	98¾	99¼	−0⅛	+0⅜	10.15
E.E.C. 9⅝ 90	350	99⅞	100⅜	−0⅛	+0¼	9.56
E.E.C. 11⅛ 90	100	105⅜	105⅞	−0¼	+0⅛	9.41
E.I.B. 12 95	200	110	110½	+0⅛	0	10.23
Eli Lilly 10¼ 92	150	102⅝	103⅛	−0¼	+0⅜	9.65
Export Dev Corp 10 90	100	102	102½	−0⅛	+0¼	9.34
Export Dev Corp 12 89	100	107¾	108¼	−0¼	+0⅜	9.48
Fed Dep Stores 10⅛ 95	100	99¼	99¾	0	+0⅜	10.19
Ford Motor Cred 11⅜ 90	100	103⅜	103⅞	−0½	+0⅛	10.24
Ford Motor Cred 12 95	100	105	105½	−0¼	0	10.87
Gen Elec Credit 10¼ 00	200	102	102½	0	+0¼	9.93
GMAC 10¼ 89	200	102⅛	102¾	+0⅛	+0⅜	9.35
IADB 10½ 95	150	102	102½	0	+0⅞	10.11
IBM Credit 10⅜ 2000	300	† 102⅝	103⅛	−0⅜	+0⅛	9.98
Kellogg Company 10⅞ 98	100	103⅝	104⅛	−0¼	−0⅛	9.88
Kellogg Company 11¼ 92	100	105½	106	−0½	+0⅜	9.94
L.T.C.B. 12⅞ 91	100	112	112½	+0⅛	+0¼	10.03
Macy Cred Corp 11¾ 95	100	† 102¼	102¾	−0⅛	−0⅛	11.28
Mitsui Trust 11⅝ 90	100	† 104⅞	105⅜	−0⅛	+0⅜	10.13
Nippon Cred-Bk 10⅜ 95	150	101¾	102¼	+0⅛	+0⅜	10.29
Pillsbury Co. 10¼ 93	100	98¾	99¼	0	+0⅛	10.43
Pru Realty secs 12¼ 95	546	108¾	109¼	0	+0⅜	10.93
Qantas Airways 10⅜ 95	140	101⅜	101⅞	−0¼	+0½	10.06
Quebec Hydro 11½ 92	100	107½	108	0	+0⅜	9.91
Queensland Govt 10¼ 95	100	99⅝	100⅛	−0⅛	0	10.25
Ralston Purina 11¾ 95	150	106¼	106¾	+0¼	+0⅜	10.60
Ralston Purina 12¾ 89	100	108¾	109¼	−0⅛	−0⅛	9.83
Saskatchewan 10¾ 92	100	104¼	104¾	−0⅛	+0⅛	9.74
Saskatchewan 11⅞ 89	100	107¾	108¼	+0⅛	+0¼	9.36
Statoil 10 90	170	101⅜	101⅞	−0⅛	+0⅜	9.53
S Wales Tray 11¾ 90	150	106⅜	106⅞	−0⅜	+0¼	9.88
Swed Exp Cred 10 92	100	100¾	101¼	−0¼	+0⅜	9.76
Swed Exp Cred 12¼ 89XW	100	108¼	108¾	−0⅛	+0¼	9.92
Sweden Kingdom 10⅞ 90	200	104¼	104¾	−0¼	+0½	9.56
Sweden Kingdom 11½ 89	200	106½	107	0	+0½	9.41
Sweden Kingdom 11¾ 94	100	108¼	108¾	0	+0½	10.26
Tenneco Corp 10¾ 95	150	101⅜	101⅞	−0⅛	−0⅛	10.45
Texaco Capital 10 95	300	90	92	−2½	−4¾	11.57
Texaco Capital 11⅛ 95	250	† 98¾	99¼	−0⅜	−4⅛	11.28
United Tech Fin 10⅜ 95	100	101⅛	101⅝	−0⅛	+0¼	10.38
Victorian Rep 11⅜ 92	150	106⅜	106⅞	−0⅛	+0¼	10.14
World Bank 10⅛ 95	300	101⅛	101⅝	+0¼	+0⅝	9.88
World Bank 12⅞ 94	200	114⅝	115⅛	+0⅛	+0⅜	10.21

Average price change On day −0⅛ on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	† 105¼	106¼	0	+0⅛	7.09
Austria Republic 7⅝ 94	200	† 103¾	104¾	0	0	6.93
Baxter Travenol 7¼ 94	200	† 101¼	102¼	0	0	6.96
Copenhagen 7⅜ 95	150	† 99¾	100¾	0	0	7.33
Credit National 8⅛ 94	200	† 105½	106½	−0¼	0	7.13
E.I.B. 7¼ 94	300	† 101¼	102¼	+0¼	+0⅛	6.98
Escom 8 92	150	† 93	94	0	−0½	9.39
Ex-Im Bk Korea 7⅜ 90	100	† 100	101	+0¼	+0¼	7.47
Ferrovie Dello Stato 8 91	100	† 103½	104½	+0¼	0	7.06
Finland Republic 7 92	200	† 100½	101½	+0⅛	0	6.79
Gould Int Fin 7⅝ 91	100	† 101½	102½	−0¼	0	7.16
Ireland 8⅛ 92	150	† 103¾	104¾	−0⅛	0	7.26
Japan Fin Corp 7⅜ 91	100	† 103¼	104¼	0	+0⅜	6.78
Mitsubishi Hvy 3½ 89WW	300	† 157	158	−3⅝	−4½	−10.08
Mitsubishi Hvy 3½ 89XW	300	† 90¾	91¾	−0¼	+0¼	6.40
Mitsubishi Met 3⅜ 89WW	100	† 106	107	+0¼	+0¼	1.47
Mitsubishi Met 3⅜ 89XW	100	† 88¾	89¾	−0¼	−0⅜	6.28
Quebec Hydro 7⅜ 95	200	† 101¾	102¾	+0¼	0	6.79
Renfe 7¾ 95	100	† 102¾	103¾	+0⅜	+0⅛	7.25
Soc Cent Nuclear 7¼ 95	150	† 101½	102½	+0¼	+0¼	6.95
Societe Cent Nuclear 8 91	100	† 105	106	+0⅛	+0⅛	6.77
Sth African Tran 7⅜ 92	100	† 92	93	+0⅜	−0½	9.12
World Bank 7 95	600	† 100¼	101¼	+0¼	+0¼	6.88
World Bank 7¾ 89	100	† 102½	103½	0	−0⅛	6.67

Average price change On day −0⅛ on week −0¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon Cap Corp 5⅝ 94	130	†*101	101¼	−0¼	−0½	5.22
Bril land Comp 6½ 99	75	†*105	105¼	0	0	5.95
Council of Europe 6 92	120	†*102¾	103	+0¼	−0¼	5.49
Creditanstalt 5½ 94	100	†*100	100¼	0	+0¼	5.46
Deutsche Bk Fin 5⅝ 95	100	†*102½	102¾	−0⅛	−0⅛	5.01
E.I.B. 5⅝ 94	120	†*102¼	102½	0	−0¼	5.53
Gen Occidentale 4½ 94	80	†*103¼	103½	+0¼	+0⅝	4.05
Glendale Fed S&L 5½ 95	100	†*97¾	98	−0¼	+0¼	5.79
Ind Fund Fin 5¾ 94	40	†*101	101¼	0	+0¾	5.59
Int-Am Dev Bk 6⅛ 94	120	†*102¼	102½	−0¾	−0¾	5.78
N.Zealand steel 5¾ 98	70	†*101	101¼	0	+0¾	5.61
Oberoi Kitwk 5⅝ 95	100	†*100½	100¾	0	+0½	5.28
Olivetti Intl 5½ 95	100	†*100¼	100½	−0¾	−0½	5.44
Pepsico 5¼ 95	130	†*101⅛	101½	−0¼	+0½	5.06
Ralston Purina 5⅜ 94	125	†*101¾	102	0	−0¼	5.11
Santos Finance Ltd 6 94	130	†*100⅛	100½	+0¼	+0½	5.94
Tokyo Elec Pwr 5½ 93	120	†*101	101¼	0	+0¼	5.30
Tokyo Metropolis 5¼ 94	80	†*101¼	101½	+0¼	+0¼	5.06
World Bk 5¾ 94	150	†*101½	101¾	−0¼	−0¼	5.52

Average price change On day −0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Caisse Nat Tele. 6¾ 92	25	97⅝	98⅛	−0¼	+1½	6.64
Gdyr Tr & Rubber 7⅛ 95	25	100⅝	101⅛	−0⅝	+0½	6.98
Mort Bk Denmark 7 92	10	99⅞	100⅜	−0¼	+1¼	6.96
New Brunswick 7⅛ 95	10	100⅜	100⅞	−0⅛	+1⅜	7.02
Swed Exp Cred Zero 90	14	72½	73	−0¼	+1	6.80

Average price change On day −0⅜ on week +1⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Barclays Aust 12¾ 90AS	50	93	94	+0½	+0¾	14.56
Creditanstalt 12⅞ 90AS	50	99	100	+0⅜	+0⅜	12.80
Pepsico Cap. Res. 13 90AS	50	102⅛	103⅛	+0¼	+0⅜	12.22
Swed Export Cred 13 89AS	40	94⅛	95⅞	+0¼	+0½	15.07
Amex 10½ 90 CS	50	101½	102	0	+0⅜	10.02
Canadian Pac 10¾ 90 CS	75	† 99⅝	100⅛	0	+0¼	10.38
CIBC 10½ 90 CS	75	† 103¼	104	+0⅜	+0⅜	9.73
General Fin 11¼ 95 CS	75	101½	102	0	−0¼	11.02
Montreal 11½ 95 CS	75	104¼	105¼	0	0	10.61
Sears Acc. Co 10⅜ 92CS	75	† 98¼	98¾	+0¼	+0¼	10.30
Winnipeg City 10⅛ 90CS	50	100	100½	0	+0¼	9.99
Chrysler Fin Corp 17 90NS	65	91⅝	93⅛	−0⅛	+0⅛	19.58
K O P. 16¼ 91 NS	50	90	92	+0½	+0⅛	18.60
Kredietbank Lux 17 88 NS	70	100⅝	101⅝	+0¼	+0⅛	16.48
B.N.P 8⅞ 95 ECU	75	98½	99¼	0	0	9.04
IBM Wld Trade 8⅛ 90ECU	150	101	101¾	0	+0¼	7.87
Sec Pac Aust 8¾ 90 ECU	100	98⅜	99⅛	−0⅛	+0⅛	9.07
Honda Motor WW 3⅞ 90FL	100	103⅛	103⅝	+0⅛	+0¼	3.02
Honda Motor XW 3⅞ 90FL	100	88¾	89¼	−0⅛	+0½	6.96
Thyssen 7¼ 90 FL	50	103	103½	0	+0¼	6.42
Wereldhave 7½ 90 FL	75	101½	102	0	−0¼	7.05
Wessanen 6¾ 90 FL	50	99½	100	+0⅛	+0½	6.81
Mobil Corp. 11⅛ 90 FF	500	103⅛	103⅝	0	+0¼	10.30
Australia Comm 11 92 £	40	99⅝	100⅛	−0⅛	+0⅜	11.00
BP Capital 10¾ 92 £	50	100	100½	0	+0½	10.60
E.I.B. 11⅛ 93 £	50	99⅞	100⅜	0	+0¾	11.07
GMAC UK Fin 10½ 90 £	30	98⅞	99⅜	+0⅛	+0⅜	10.71
Imp Chem Inds 11⅞ 95 £	75	100⅜	100⅞	+0⅛	+0½	11.33
Imp Chem Inds 10¾ 92 £	75	97⅞	98⅜	0	+0½	11.14
Mcdonalds 10⅞ 90 £	40	100¾	101¼	0	+0¼	10.56
Mitsubishi Fin HK 11 90 £	50	99¾	100¼	0	+0⅝	10.95
Privatbanken 11⅞ 92 £	20	100½	101	0	+0⅜	11.67
Rank Xerox 11 92 £	40	97¼	98¼	0	+0½	11.42
Royal Ind 10¾ 92 £	60	97½	98	+0⅛	+0½	11.22
Ster Drug Cap 10⅞ 90 £	30	100	100½	0	+0⅜	10.76
Tricentrol XW 11 92 £	35	95¾	96¼	0	+0⅛	11.86
Tsthouse Forte 11⅛ 90£	50	99½	100	0	+0⅜	11.38
World Bank 11¼ 95 £	100	100⅞	101⅜	+0⅛	+0¾	11.03
C.O.E. 8⅞ 95 LF	600	99⅜	99⅞	−0⅜	−0⅜	8.92
Nat Lux Alum 10⅛ 92 LF	600	103⅛	104¼	−0¼	−0¼	9.05

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Abbey National 5 2000 £	0	99½	99¾	15/1	11⅝	11.42
BankAmerica O/S 5¼ 96	0⅛	99¾	100	30/12	8⅛	8.14
Bankers Trust 5 2000	0	99⅞	100⅛	11/12	8.44	8.44
B.F.C.E. 5¼ 99	0⅛	100⅛	100⅜	13/12	8¾	8.73
B.N.P. 5¼ 95	0	101¼	101½	10/1	5¼	5.17
B.N.P. 5¼ 96 (July)	0¼	99⅞	100⅛	22/1	8¼	8.25
B N.P. 5¼ 99	0⅛	100	100¼	5/6	5¼	5.24
Britannia 5 93	0⅛	99⅞	100⅛	8/1	5	5.00
C C.F. 5¼ 97	0	99⅝	99⅞	28/10	8.19	8.21
Chase Man'tn 5¼ 2009	0⅛	99⅝	100⅛	5/12	8.44	8.45
Citicorp 5 2035	0	99¼	99½	27/11	5	5.01
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/10	9.00	8.92
Credit Lyonnais 5 00	0	100⅛	100⅜	10/1	5	4.98
E.E.C. 5 90	0	99⅝	99⅞	8/1	5.08	5.09
E.N.E.L. 5 00	0⅛	99⅝	99⅞	1/3	5	5.01
Ireland 5¼ 97	0	99⅞	100⅛	28/2	8.44	8.44
Lloyds Bank Perp	0¼	100	100¼	9/12	8	7.99
Man. Hanover 5 97	0	99¼	99½	22/11	5	5.03
Midland Bank Perp 5	0⅛	100	100½	19/12	8⅛	8.10
Nat West Perp A 5⅛ S	0¼	100	100¼	9/1	8¼	8.24
Nat West Perp B 5⅛ S	0¼	100⅛	100⅜	10/2	8.06	8.05
Royal Bk Scotland 5 Perp	0⅛	99¾	100	12/12	5	5.01
Roy Bk Scot 5⅛ 2005 £	0	99⅛	99⅜	1/11	11.69	11.78
Societe Generale 5¼ 97	0	100⅛	100⅜	18/3	5¼	5.24
United Kingdom 5 92	0	99⅞	100⅛	7/2	5	5.00

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	126⅞	127⅞	+0⅞	8.38
Comcast 7 2000	12/85	23.675	† 107½	108½	+0¼	31.36
Fanuc 3¾ 98	1/84	7032.3	198	200	+0⅛	63.23
Fuji Hvy Inds 3 2000	8/85	676	96¼	97¼	+0¼	1.99
Fujitsu 3 99	5/84	1320.9	99⅝	100⅝	+0⅜	15.28
Kumagai Gumi 3½ 2000	3/85	600	178⅛	179⅝	−0⅞	11.55
Marui 3½ 99	7/84	1162	155	156	+2¼	1.47
Mitsubishi Bank 2⅞ 00	8/85	1768	99⅛	100⅜	+0½	−1.61
Mitsubishi Elec 2⅞ 00	3/85	422	103¾	104¾	+0¼	−0.06
Murata 3½ 2000	7/84	2398	120½	121½	+0¼	21.93
Nippon Elec 2⅞ 2000	1/85	1295	116⅞	117⅞	+0⅜	52.39
Nippon Oil Co 3 2000	5/85	923	100⅛	100⅜	+0⅝	−1.78
Oki Elec Ind 3½ 99	10/84	805	111	111¾	+2½	2.85
Sekisui House 3 99	6/84	612	102⅝	103⅞	−2⅝	−1.31
Sumitomo Bank 2¾ 2000	8/85	2142	94⅞	95⅞	−0⅛	4.50
Sumitomo Corp 2⅞ 99	5/84	593	133⅜	134⅜	+0½	−0.71
Taiyo Yuden 3¼ 2000	3/85	1078	† 105	107	−1	−3.35
Takeda Riken 3⅜ 2000	10/84	7663	† 104	106	−1	12.96
Tokyo Sanyo Elec 3½ 99	12/84	772	105	105¾	+7	6.08
Toshiba Ceramics 3 2000	4/85	1734.2	99	100	+0⅝	2.01
Nippon Oil Co 2⅝ 92 SF	3/84	1052	†*101½	101¾	0	18.73
Nippon Shinpan Co 2 92 SF	3/84	801	†*113½	114	−0⅝	14.92
Asics 5 92 DM	12/83	520	109	110½	+0⅜	19.76
Bosowa 3⅛ 00 DM	3/85	675	† 109	110	+2	−2.29
Sum Realty 6¼ 92 DM	2/83	338	†*393⅛	394⅛	−4⅞	−2.36

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cs. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Japan keeps brakes on insurance industry overseas investment

BY JUREK MARTIN IN TOKYO

THE JAPANESE Ministry of Finance (MoF) is currently disinclined to permit the nation's insurance industry to invest in more foreign securities to offset the recent appreciation of the yen.

MoF rules allow the insurance industry to hold no more than 10 per cent of its portfolios in non-Japanese issues. The industry contends that the near 20 per cent rise in the value of the yen against the dollar in the last two months has effectively reduced the value of its foreign holdings to something like 8 per cent of total portfolios when converted into yen.

The ministry view, according to senior officials, is that the 10 per cent ceiling was imposed years ago for prudential, not currency, reasons. In spite of the progressive surge in capital outlays in the last 20 months ($50bn alone in the 1984-85 fiscal year) it still sees this factor as valid.

Indeed, the argument runs, the prudential factor may be even more important now that the yen has apparently, in the MoF's opinion, stabilised around Y200 to the dollar.

The MoF, like the Bank of Japan, contends that "autonomous market forces," not Government intervention or the direction of interest rates, now underpin the value of the Japanese currency. But the authorities here have by no means abandoned their long-held belief that capital outflows, principally into US securities, have the potential to weaken the yen.

The yen was firmer against the dollar in the summer in spite of record capital outflows of some $8bn a month. Since the Group of Five meeting in late September, it has appreciated dramatically, even though the long-term capital drain has remained substantial—an estimated $6.5bn in October, and possibly of a similar magnitude in November given Japanese demand for new US Treasury issues.

Nevertheless, in September the MoF warned Japanese securities institutions that investment in foreign issues should not get out of control. In hindsight, this was clearly part of the co-ordinated Group of Five strategy to increase the value of the yen.

Gordon Cramb on the timely acquisition of Monsanto Oil

BHP builds on its US presence

JUST UNDER a year ago, Broken Hill Proprietary (BHP) the Australian resources group, established a first foothold in the US oil and gas industry with the US$504m purchase of Energy Reserves Group (ERG) a Kansas-based independent.

The second step—at $745m it is more of a leap—came this week with the agreement to buy Monsanto Oil. Although BHP remains dwarfed by Texaco and its sisters, its stature has been enhanced and the move appears well-timed.

BHP's arrival has come towards the tail-end of the shake-out in the US energy industry, a period when the big players are being forced by both legal and financial requirements to divest assets, while some of the outsiders which have strayed into the sector—such as Monsanto, the chemical group currently undergoing a restructuring—are scurrying back to sort out their core businesses.

Monsanto Oil will be merged with ERG, which in July was renamed BHP Petroleum (Americas), to form a group with combined reserves of some 100m barrels of oil and 98bn cubic feet of gas.

For each product, acreage provided by the Monsanto unit will account for around three-quarters of the total. Although BHP's existing properties in the US are relatively more productive, the prices which the Melbourne group has been prepared to pay seem at first glance somewhat high.

In late 1984, the acquisition figures imply, BHP considered ERG to be worth more than two-thirds what it is now paying for Monsanto Oil—without the latter's North Sea interests, for which the Australians lost the bidding earlier this month to Amerada Hess.

In part, this may be explained by keenness on Monsanto's part to put into effect its previously stated wish to sell the energy side. But it also reflects an added value which BHP was seeking for its first acquisition in the sector — operational-expertise as an onshore explorer and producer, on the American continent and on a smallish scale.

It believes it has found in ERG skills which it could not easily transplant from Australia. Despite BHP's extensive involvements in fields such as the Bass Strait and Timor Sea, the company acknowledges it has underrated the onshore potential of that continent.

Its assessment of ERG thus extended some way beyond flow rates and seismographical data, and the new parent later went so far as to say: "It was the management team we were after. The reserves, although nice, were secondary."

At the head of that management team, which will remain the motive force behind the enlarged group, is Mr Clark Mandingo, now president of BHP Petroleum (Americas). He works primarily to a "niche strategy," which he defines as an aim to "focus our efforts and expenditures in those basins and trends which our studies demonstrated had good historical exploration economics, high potential for new discoveries, acceptable exploratory risk, and in which we either had or could gain a competitive advantage."

This cautious approach formed part of ERG's response to the end of the oil boom, and pre-dated BHP's involvement. The strategy remains in place, but the financial strength of ERG's new ownership has widened the parameters to allow bigger acquisitions.

It will also permit a gradual move from what Mr Mandigo describes as "relatively mature basins in the US to higher potential, albeit higher risk, basins in the US onshore and offshore, and elsewhere in North and South America."

Bringing on board the Houston-based Monsanto Oil, with its Gulf of Mexico interests, takes into account both these possibilities at once.

Onshore, the company sees opportunities arising from the merger fever which swept the US oil majors earlier this decade. No company, of course, has incurred the displeasure of a jury so spectacularly as did Texaco last week, though many are believed to be running close to or above the so-called "chargeability limit" for leases held on federal land.

This is in effect a ceiling for the federal acreage on which a company can explore in any one state. Post-merger grace periods are starting to run out, and some of the larger operators may be forced to dispose of prime prospects. Many of these, in turn, would be found in the Rocky Mountain region where Mr Mandigo's team claims its best expertise lies.

Purchasing Monsanto Oil is expected temporarily to satisfy BHP's appetite for North American energy acquisitions, and work will be concentrated on the exploration programme.

As a force in the US oil industry, BHP may not yet be within striking distance of the biggest companies, despite all the optimistic projections from the Sydney brokerage community. But the Monsanto acquisition undeniably promotes its self-proclaimed mission to become Australia's first international oil company.

Mr Robert Holmes à Court told Swiss investment analysts yesterday that at some stage he "will definitely seek board representation" at BHP, AP-DJ reports from Zurich. His Perth-based Bell companies yesterday bought another 0.8 per cent of BHP shares to take his interest to 17 per cent, he added. He denied, however, that Bell would seek to replace BHP management

Foreign brokers increase Japanese stock dealings

BY CARLA RAPOPORT IN TOKYO

FOREIGN SECURITIES firms increased their dealings in Japanese stocks by 41 per cent in the year to September, according to leading Japanese brokers.

Total commissions received from clients on dealings in Japanese shares reached Y22bn ($110m) in the year. The record total, however, still represents less than 5 per cent of total commissions earned on the Tokyo Stock Exchange.

Jardine Fleming, the Hong-Kong based joint venture between Robert Fleming of the UK and Jardine Matheson of Hong Kong, ranked well above the others with commissions worth Y2.7bn, up 11 per cent. The next largest was Vickers da Costa of the UK, with commissions up 3.7 per cent to Y926m.

Morgan Stanley of the US showed the largest increase in commissions, with fees increasing 10-fold to Y615m. The US investment bank now ranks third among the foreign securities firms in terms of commissions. Merrill Lynch ranked fourth, with a 45 per cent increase in business to Y482m.

● The Tokyo Stock Exchange has delayed its decision on taking new members, including its first foreign members, until December. The eagerly awaited decision on 10 new seats had been expected by the end of this month.

It is now expected that the TSE will make its announcement on December 9 or 10.

Rights issue by NZI to fund diversification

By Our Financial Staff

NZI CORPORATION, the Auckland - based insurance group, yesterday announced plans for a one-for-10 rights issue and a private placement of equivalent size, in order to fund its recent diversification into financial services.

It is also to seek a listing on the Tokyo Stock Exchange next year, ahead of which the company plans to offer 40m shares to Japanese investors.

If the NZ$98m (US$56.4m) rights and placing are fully taken up, the Tokyo offering could amount to as much as 8.5 per cent of NZI's enlarged capital.

Toshiba group earnings down 19% at mid-way

BY YOKO SHIBATA IN TOKYO

TOSHIBA, the Japanese electricals group, suffered a 19 per cent fall in consolidated net profits to Y33.93bn ($169m) in the half year to September, although the parent company and its 38 subsidiaries lifted turnover from Y1,593bn to Y1,736bn.

Net profits per share fell from Y14.48 to Y11.28, and the earnings drop was blamed on a poor performance by the parent amid the semiconductor recession as well as setbacks in the US and Europe.

"There were some sectors which achieved a good earnings performance, but these failed to offset the negative impact from a fall of semiconductor sales," Mr Yuichi Yamada, Toshiba vice-president, said yesterday.

Sales of communications and electronic equipment rose only 1 per cent to account for 32 per cent of total turnover. Semiconductor sales alone dropped by 16 per cent.

Demand for office automation equipment and medical electronics remained strong, however. Sales in the heavy apparatus sector rose 10 per cent to account for 28 per cent of total turnover.

Full-year net profits for the group are estimated at Y64bn, down by 25.7 per cent, although sales are forecast to rise 3.8 per cent to Y3,470bn.

Downturn for Harrisons Plantations

By Our Financial Staff

HARRISONS Malaysian Plantations, the 30 per cent-owned affiliate of Harrisons and Crosfield of the UK, was adversely affected in the half year to September by narrower margins for palm oil and the general weakness of commodity prices.

Pre-tax profits fell 33.8 per cent to 73.04m ringgit (US$30.2m), on turnover down 23.2 per cent to 450.57m ringgit.

The company said that, although crop production for the full year was expected to be in line with 1984-85, results would not match the "exceptional" level achieved in the previous period.

UK COMPANY NEWS

City pleased by JM's progress

BY STEFEN WAGSTYL

Johnson Matthey, the precious metals and chemicals group, yesterday announced increased interim profits, sharply reduced borrowings and a return to the dividend list.

The company's progress since its crippled former subsidiary Johnson Matthey Bankers was taken over by the Bank of England last year pleased the City, which marked the shares up 18p to 145p yesterday.

Johnson Matthey made £10.5m pre-tax in the six months to September, against £9.4m in the same period last year. A sharp reduction in interest payments, from £12.4m to £10m, more than compensated for a lower operating profit of £18.2m (£20.7m).

Mr Eugene Anderson, brought in as chief executive in May to turn around the battered group, said that the company had achieved its priority of generating cash to reduce its borrowings. At the end of September net money borrowings were £154m, £130m below last year's peak. Borrowings of precious metals were down by £120m.

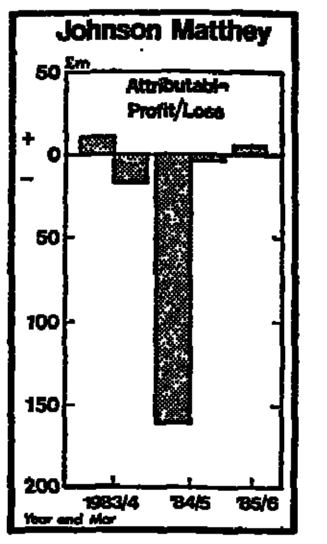
The debt equity ratio had been cut from 138 per cent to 75 per cent. "That's almost respectable," said Mr Anderson.

The company was ahead of schedule on its repayments to its bankers under its medium term financing agreement signed in August, said Mr Anderson.

After no dividends last year, the group is making an interim payout of 0.5p net — more than it had expected to in its annual report.

Last year the company made an interim extraordinary charge of £166.1m to cover the loss of JMB. This year there are charges of £3.1m as a result of a widespread rationalisation programme, including the closure of one of its administrative offices at Southgate, North London. The workforce has been cut from 9,270 at the end of March to about 8,200 and more jobs are expected to go through disposals and redundancies, says the company.

After tax of £3.4m (£3.8m), and extraordinary items, the attributable profit was £4m against a £160.5m loss. Earnings per share were 4.5p basic (4.2p) and 4p (3.1p) fully diluted.



The fall in operating profits is explained by four factors, according to Mr Anderson. Running the group to generate cash had resulted in some inefficiencies; the colours business had suffered from a fall in demand; precious metal prices had fallen; an adverse swing in foreign exchange rates had cost £1.3m.

Mr Anderson said that while debt reduction would continue, rationalisation was now taking "centre stage."

Meanwhile, the group is still not free of the shadow of JMB. It said it is serving a writ on American International Group, its former principal insurer, which has voided policies for the period from January 1983 to March 1985 on the grounds of the alleged non-disclosure of JMB's losses. The company's legal action seeks to win a declaration that the avoidance is invalid.

Mr Gordon Thorburn, finance director, said that the group believed the insurer's action was "totally unjustified."

The biggest claim affected by the dispute is for losses arising from a fire at the company's Royston site last year.

See Lex

MEPC 14% ahead despite currency losses

BY MICHAEL CASSELL, PROPERTY CORRESPONDENT

CURRENCY losses put a dent in the 1985 performance of MEPC, the UK's second largest property company, although it still managed to turn in higher-than-expected pre-tax profits.

The international development and investment group struck a pre-tax figure of £51.6m for the year ending September 30, an increase of 14 per cent on the previous 12 months. The final figure could have been around £2m higher, but for the currency factor. The final dividend rises by 1.5p to 8p, making 10.5p (9p) for the year. MEPC shares yesterday closed 1p down at 299p.

MEPC had to contend with a 25 per cent fall in the value of the Australian dollar and a 15 per cent decline in the US dollar, which hit both gross rental income and net asset values when translated into sterling.

At £119.3m, gross rental income stood only £1.6m higher than in 1984-85, with an estimated £7.3m lost on adverse currency movements. Currency translation losses lopped 24p a share off net asset value, leaving a 1985 figure of 415p, against 411p, adjusted to take account of the £112.5m acquisition of English Property Corporation in July. The unadjusted 1984 figure was 426p. At the year-end, medium and long-term debt and bank overdrafts stood at £505m, approximately 51 per cent of shareholders' funds. With cash balances, net indebtedness is reduced to 44 per cent.

Before taking adverse currency movements into account, there was a 5 per cent uplift in the value of the international development and investment portfolio. The portfolio, which is now located 68 per cent in the UK as opposed to 58 per cent before the EPC purchase, is currently valued at £1.44bn.

Mr Robin Adam, chairman of MEPC, said that the integration of EPC into the group was progressing well. At the time of the acquisition, the level of voids in the investment properties stood at £2.6m a year, a figure which has now been virtually eliminated as the result of major lettings.

MEPC's current development properties are valued at £132m and the group is committed to a further £167m in new development projects over the next few years. Mr Adam said that the prospect of growth arising from these developments was encouraging.

In the US, MEPC has reduced its investments and, during 1985, made sales with a book value of $66m. The group's development programme in the US is now nearing completion and it is studying opportunities for further work.

In the UK, the group has nearly completed its 151,000-sq-ft of office space in the first phase of its Abbey Gardens, Reading, scheme. Work on a second, 82,000 sq ft, will be started in 1986. Work has started on the 85,000 sq ft shopping centre in Leamington Spa. In the City of London, work has started on the construction of 40,000-sq-ft offices in Farringdon Street and a 37,000 sq ft offices and shops project has started at Liverpool Street.

● comment

After MEPC issued shares last July to finance its purchase of the English Property Company's portfolio, investors were not happy about the dilution to their net asset value per share. It is perhaps unfortunate that currencies should have delivered the double whammy this year, knocking another 24p off to leave the NAV at 415p, compared with 426p on the smaller share capital last year. Otherwise the results were quite encouraging. The revaluation surplus — discounting currencies — rose a perfectly respectable 5 per cent, and the pre-tax profit of £51.6m was perhaps £1m more than expected. Gearing is now at 45 per cent, leaving plenty of room for more borrowing to finance the next few years' £170m development programme. So on a 5 per cent yield and at a 28 per cent discount to their asset value, the shares (down 1p to 299p yesterday) are certainly not expensive. But then property is hardly the hottest sector these days —and compared with companies like Land Securities, MEPC is still uncomfortably exposed to a further weakening of either dollar.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Brickhouse Dudley	int	0.95	Jan 3	0.95	—	3.45
Bulgin	int	nil	—	0.58	—	0.58
Dubilier		1.7	—	1.4	2.8	2.4
Gartmore American	int	0.6	Jan 13	0.6	—	2
Johnson Matthey	int	0.5	Dec 30	nil	—	nil
G. & G. Kynoch		1	Feb 28	1	1.5	1
MEPC		8†	Jan 16	6.5	10.5	9
Murray Growth	int	1	Jan 24	1	1.4	1.4
Smith Bros	int	2	Jan 18	1.5	—	6
Steinberg Group	int	1.25	Feb 5	1	—	2.2
TR Property	int	1.5	Jan 6	1.35	—	3.55
Unigate	int	3.45	April 1	3	—	8.2

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Smith Bros calls for £13.5m via rights

By Barry Riley

SMITH BROTHERS, stockjobber, is rasing £14.5m, net of expenses, to finance new opportunities arising from changes in the structure of the securities markets.

It plans to spend approximately £6m in the next two years on new facilities and systems in London, and is also building up its trading operations in the US, Hong Kong and Australia.

The one-for-three rights issue of new ordinary shares at 165p is being supported by Smith's two major institutional backers, N. M. Rothschild and 3i, which together will take up almost 52 per cent of the 8.44m shares being issued.

Rothschild's stake will rise from 24 per cent to 28.8 per cent following the issue, and could ultimately increase to 39 per cent as a result of loan stock conversion.

The eventual stake of 3i could be 12.8 per cent. Another institution, Gartmore Information and Financial Trust, has recently declared a 5.1 per cent holding.

In a letter to shareholders, Mr Tony Lewis, chairman of Smith Brothers, expresses his belief that the company's continuing independence "will be well regarded by our clients."

Rothschild has told the company that its current policy towards Smith is that it does not intend to acquire a majority holding in the foreseeable future but it wants to maintain its percentage equity interest and to remain the major shareholder.

The bank will play an active strategic role "whilst respecting the day-to-day independence of the company." Rothschild will, however, work however, work towards a closer association between its securities business and that of Smith.

Mr Lewis says that the company will continue to concentrate on equity markets, both in the UK and overseas, and will not participate in the gilt-edged and other fixed interest markets.

"The group will continue to offer a wide ranging market making service to stockbrokers acting in an agency capacity, in addition to offering a similar service to those larger investment institutions which wish to deal directly with us," he tells shareholders.

"Following completion of the acquisition of Scott Goff Layton (a London stockbroking firm) the enlarged group will also offer an independent research and execution service to investment institutions and private clients.

"As the market develops, closer integration of market making and broking activities may be appropriate but it remains our policy to respond to our clients' requirements rather than attempt to impose trading methods on them."

Smith Bros also disclosed yesterday its interim results for the six months ended October 25, showing pre-tax profits up from £1.79m to £3.04m.

Earnings per share for the half-year were up from 6.9p to 10.3p and the interim dividend is being raised from 1.5p to 2p a share.

See Lex

Unigate lifts profit 33% and is strongly placed

FIRST HALF profits at Unigate have advanced by almost 33 per cent, from £25.9m to £34.4m, and the directors consider this "satisfactory increase" augurs well for the future. And they are lifting the interim dividend by 15 per cent.

They say the group is now well positioned in its main business sectors of food, transport, and specialised industrial services.

A strong cash flow has again been produced. Although aided by disposals, it reflects continued improvements in working capital control and cash flow from operations.

Net debt has been reduced to £77.7m, against £110m in March and £149.5m in September of 1984. This has also had a significant effect on finance charges which have fallen by £3m to £6.5m in the first half.

During the six months, Unigate sold its major underperforming business, Bowyers, for £21m, and the specialised food preservative business of Aplin and Barrett was divested as it was outside the mainstream food operations. Just after the half year Arlington Motor Holdings was purchased and will considerably strengthen Wincanton's position in the motor trade.

Turnover showed a reduction from £937m to £927m but the operating profit rose 14.2 per cent to £39.3m. A split of this shows dairy interests accounted for £24m (£17.3m), meat £4.1m (£2.1m), Wincanton £4.5m (£4.7m), Giltspur transport services, etc — £2.6m (£4.5m), international £5m (£5.4m), and others loss £900,000 (profit £400,000).

Geographically, the UK provided £32.6m (£26.4m), the US £6.7m (£7.8m), and other countries nil (£200,000).

The directors say the UK dairy interests made a good start with operating profits up 39 per cent, although the previous year was drpressed by a delay in the implementation of a liquid milk price increase.

The improvement is mainly attributable to the considerable investment of recent years and good management. Liquid milk sales are stable as demand for low fat milk has increased, and Unigate has extended the number of rounds under franchising arrangements.

Product development has also continued to be of major importance, with further gains in market share for St Ivel Gold and the Shape range of low fat products in particular.

Quality of the remaining meat operations is underlined by the 95 per cent advance in operating profit following the sale of Bowyers, they state. Malton bacon factory is in satisfactory profit as volumes rise and South West Meat continues to make good, although reduced, returns.

Both poultry companies are experiencing a combination of relatively low feed prices and a firm market for their products.

In Australia, the sale of the powder factories and the setting up of a joint venture for cheese manufacture, combined with some difficult market places, will reduce profits in the short term.

Casa Bonita in the US is having a good year, although the cheese operations are showing a lower level of profitability because of tighter margins.

Income from related companies came to £1.6m (£1m). Nutricia's profit grows, but the ongoing sale of the group's portfolio of investment properties has led to an increased loss from other activities.

After tax £12m (£9.7m) and minorities and preference dividend £300,000 (same) the net attributable profit comes out at £22.1m (£15.9m) for earnings of 10p (7.3p) per share. There are also net extraordinary credits of £4.4m.

The interim dividend is lifted to 3.45p (3p) net. Total for the year ended March 31 1985 was 8.2p from pre-tax profits of £65m.

At a press conference later, chairman Mr John Clements said the second half of the year had started promisingly, particularly within the Wincanton and Giltspur businesses.

Wincanton was expected to make up its first half shortfall and end the year showing an increased profit, while Giltspur should almost redress the opening setback and finish close to last year's £10m.

On the dairy side, he said allowing for the impact of a milk price increase, the like for like improvement in profit was some £5.1m. Around half was accounted for by low fat products.

Low fat milk sales made up some 14 per cent of the group total, compared with some 2 per cent a couple of years ago. And Mr Clement said he would be very surprised if that did not move ahead to 30 per cent within the next few years.

Around 10 per cent of Unigate's rounds throughout the country were franchised or operated under some similar sort of arrangement.

The group was expecting its capital expenditure to be between £70m-£75m this year, compared with £59m last time, with around half the total going on dairy products.

See Lex

Premier Consd. rises to £2.7m

Premier Consolidated Oilfields, the UK-based oil exploration company, achieved higher taxable profits of £2.7m, against £2.37m, for the six months to end-September 1985.

The result was attained against a background of unfavourable exchange rates and lower crude oil prices. Turnover rose by nearly 24 per cent from £4.26m to £5.28m.

Mr Roland Shaw, the chairman, says that oil production in Trinidad reached record levels of 900 barrels per day (bpd) and production increased at Wytch Farm, onshore UK.

He says that the recent North Sea discovery in block 29/8b and inb lock 29/9b gave Premier "a large potential in the future development of North Sea reserves."

Premier plans to participate in at least three further North Sea wells in 1986 and expand worldwide exploration activities. Premier made its first North Sea discovery two years ago.

Exploration and development wells in Trinidad's San Francique area have continued, and the last two wells flowed in excess of 100 bpd.

Current production in Trinidad exceeds 900 bpd compared to 332 bpd two years ago. And the Fyzabad steam drive is expected to be inaugurated in January.

In the Far East the award of an offshore concession in the Gulf of Papua New Guinea has been confirmed, and Thailand has awarded an offshore licence in the Gulf of Thailand.

Elsewhere, Premier is engaged in the drilling of a wildcat well in SE Nevada and has made an offer to acquire Rocky Mountains Oil and Gas, which has overlapping interests in Western States.

Regarding prospects, the chairman says that most oil companies are suffering from general concern about future prices, but "if our discovery of new oil reserves continues at the pace of the last year, our results will keep ahead of any appreciable setback because of lower oil prices."

First half profits included lower exchange gains of £542,000, against £1.15m, and were subject to tax of £385,000 compared with £493,000.

Earnings per 5p share were 1.08p (1.21p). The company does not pay interim dividends—last year's single final payment was 0.5p with pre-tax profits at £4.54m.

● comment

The shareholders of Premier Consolidated have had little to show for their loyalty to Mr Roland Shaw's management since the defeat of the Carless Capel bid and the more recent £16m rights issue. Yesterday the share price slipped a further 1p to 37p on the publication of interim results which, allowing for exchange rate effects, looked most respectable. Profits after tax have risen 13.7 per cent and Premier can argue with some force that it is being unfairly tarred with the exploration and production brush. The company has strong — and low-cost — production at Wytch Farm in addition to proven North Sea acreage and promising wells in Trinidad. But the stock market is still looking beyond the next set of figures to exploartion news — in Premier's case blocks 37/12 and 12/23 — and to takeover possibilities. In the absence of either — and Mr Shaw has already shown he is no puchover in a takeover battle — the shares may fail to realise their potential.

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	121	Ass. Brit. Ind. Ord. ...	121xd	—	7.3	6.0	7.4	6.9
151	128	Ass. Brit. Ind. CULS...	128	—	10.0	7.8	—	—
77	43	Airsprung Group	60	—	6.4	10.6	10.0	13.0
46	26	Armitage and Rhodes...	41	−1	4.3	10.5	5.1	6.1
166	108	Bardon Hill	165xd	—	4.0	2.4	20.9	21.7
64	42	Bray Technologies	52	—	3.9	7.5	6.3	7.3
201	144	CCL Ordinary	144	—	12.0	8.3	3.5	3.3
152	103	CCL 11pc Conv. Pf. ...	103	—	15.7	15.2	—	—
130	10	Carborundum Ord.	120xd	—	4.9	4.1	5.9	9.3
93	83	Carborundum 7.5pc Pf.	93	—	10.7	11.5	—	—
73	46	Deborah Services	59	—	7.0	11.9	6.2	8.0
32	21	Frederick Parker	21	—	—	—	—	—
83	33	George Blair	74	−1	—	—	3.0	5.5
50	20	Ind. Precision Castings	50xd	—	3.0	6.0	13.2	11.0
218	177	Isis Group	180	—	15.0	8.3	13.8	20.7
124	101	Jackson Group	110xd	—	5.5	5.0	7.4	7.4
285	213	James Burrough	278	+1	15.0	5.4	8.8	8.8
96	83	James Burrough 9pcPf.	95	—	12.9	13.6	—	—
95	71	John Howard and Co.	79xd	—	5.0	6.3	6.3	9.8
225	100	Linguaphone Ord.	180s	—	—	—	6.6	6.9
100	90	Linguaphone 10.5pc Pf.	90s	—	15.0	16.7	—	—
650	300	Minihouse Holding NV	570s	—	6.9	1.2	24.9	23.7
120	31	Robert Jenkins	70	—	—	—	9.0	20.0
60	28	Scruttons "A"	31	—	—	—	—	7.9
92	61	Torday and Carlisle ...	67	−1	5.0	7.5	3.4	6.1
444	320	Trevian Holdings	330	—	4.3	1.3	18.8	18.4
39	17	Unilock Holdings	39	+3	2.1	5.4	10.6	10.4
122	81	Walter Alexander	121	—	8.6	7.1	6.8	8.3
247	195	W. S. Yeates	200	—	17.4	8.7	5.7	9.8

s = Suspended.

Public Works Loan Board rates

Effective November 27

Years	Quota loans repaid by EIP†	Quota loans repaid At‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid At‡	Non-quota loans A* repaid at maturity§
1	—	—	11¼	—	—	11⅞
Over 1, up to 2	11	11	10⅞	12	12	11⅝
Over 2, up to 3	11	11	10⅞	12	12	11½
Over 3, up to 4	10⅞	10⅞	10¾	11⅞	11⅞	11¼
Over 4, up to 5	10⅞	10⅞	10¾	11⅞	11⅞	11¼
Over 5, up to 6	10⅞	10⅞	10¾	11¾	11¾	11¼
Over 6, up to 7	10¾	10¾	10⅝	11⅝	11⅝	11⅜
Over 7, up to 8	10¾	10¾	10⅝	11½	11½	11⅜
Over 8, up to 9	10¾	10¾	10⅝	11½	11⅝	11¼
Over 9, up to 10 ...	10¾	10¾	10½	11⅝	11⅝	11⅛
Over 10, up to 15 ...	10⅝	10⅝	10½	11⅜	11⅜	11⅛
Over 15, up to 25 ...	10½	10½	10⅜	11¼	11	10⅞
Over 25	10½	10⅜	10⅜	11	10⅞	10⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Oceonics' £13m defence disposal to Adwest

BY CHARLES BATCHELOR

Oceonics, the marine and defence electronics group which took the unusual step of putting itself up for sale in April, is to sell most of its defence activities to Adwest Group, an engineering company, for £13m cash.

Other Oceonics' group companies will, however, repay £2.25m-worth of intra-group loans as part of the deal, reducing the net cost to Adwest to £10.75m.

Oceonics, an early glamour stock of the Unlisted Securities Market but now with a full Stock Exchnge listing, has abandoned plans to sell any other major parts of its business. It will continue its existing electronics activities in the offshore, communications and surveying markets on a reduced scale.

Oceonics' share price was unchanged at 47p yesterday, compared with 140p in April when it first put itself up for sale. Adwest's shares fell 2p to 214p.

Adwest, a Reading-based company with automotive, electrical engineering and property interests, has agreed to buy three Oceonics' companies.

They are Air-Log, which makes electronic test and control equipment; Laser Engineering (Development), which makes weapon transit and launch containers; and MPE, which manufactures radio frequency interference filters

These companies contributed £1.48m of pre-tax profits and £17.05m of turnover to Oceonics' group totals of £3.02m and £70.4m respectively, in the year ended March 1985. They had combined net tangible assets of £6.67m at that year end.

Adwest intends to run these businesses as a separate defence division. Mr Michael Waller, managing director, said Adwest was familiar with most of the manufacturing processes in which they were involved.

"We believe we can improve returns by applying our manufacturing expertise and selling their know-how to a wider range of customers in the commercial field," he added.

Adwest has been expanding by means of acquisitions over the past few years but this is its largest purchase. It increased its pre-tax profits to £8.7m in the year ended June 1985 from £8.3m, on turnover which rose from £70.5m to £77m.

Mr Bob Aird, Oceonics' chairman, said: "Very few people could cope with bidding for all of Oceonics because of the diversity of our interests. Those who did approach us did not offer good terms. We gave it (the sale of the entire company) a good try. It could easily have come off."

Kier's higher offer rejected

BY DAVID GOODHART

French Kier Holdings, the UK construction group which is subject to a £115m take-over bid from C. H. Beazer, yesterday announced a final improvement to its own contested bid for Abbey, the Dublin-based building company.

The new offer — an improvement of over 20 per cent on the original — was nonetheless rejected out of hand by Abbey. Mr Charles Gallagher, chairman of Abbey, said: "They got this bid wrong on day one and they have still got it wrong on day 39."

Kier has so far received acceptances from 38.7 per cent of Abbey holders, but most analysts doubted that the increase — still below market value — was enough to win a majority.

C. H. Beazer had said that it reserved the right to withdraw from its offer for French Kier if it increased its Abbey terms by too much — but last night it appeared that Beazer did not find the increase incompatible with their bid.

Kier has increased only the non-share element of the offer. In the orginal terms it offered one Friench Kier share plus I£2.75p for five Abbey shares—which at the time valued each Abbey share at I£1 (83p sterling) and the whole company at I£23.48 (sterling £19.55).

The new offer raises the cash element to I£3.22p (266p sterling) which values each Abbey share at I£1.25p (103p sterling) and puts a total value on the company of I£29.3m (£24.2m sterling). There is a cash alternative of I£1.25p per share.

French Kier said last night that the offer represented a 47 per cent increase in capital value based on the Abbey share price on October 1 and "represents a very generous exit price earnings multiple of 29 times the latest audited earnings and almost 10 times the earnings optimistically forecast for the current financial year." The offer is also at a premium of 37 per cent over Abbey's net assets.

Mr Charles Gallagher repeated that he and the senior manager would resign rather than accept the bid at this level. The final offer closes on December 15, two days before the first closure of Beazer's offer for Kier. Kier fell 1p to close at 249p, and Abbey fell 2p to close at 114p.

Dubilier well ahead despite disruption from reorganisation

DESPITE THE effects of divestment and restructuring Dubilier, the Oxfordshire-based manufacturer of electronic components and connectors, saw its pre-tax profits rise to £6.57m over the 1984-85 year.

This was an improvement of £1.31m on the figures of the previous year and some £300,000 ahead of City estimates. Administration expenses were cut sharply from £8.39m to £5.91m.

The final dividend is being lifted from 1.4p to 1.7p, for a net total of from 2.4p to 2.8p per 5p share.

Turnover for the 12 months to September 29 fell by £2.8m to £42.05m — the reduction reflecting disposals during the period. All comparisons have been restated.

The year was affected by divestment and restructuring activities involving Dubilier Components, Flight Connector Corporation, Arco Electronics and Ion Beam Systems.

Greenpar Connectors had a satisfactory year with sales advancing by 21 per cent.

The Greenpar product has been successfully introduced to the US market through Automatic Connector. The directors say relocation of manufacturing operations into a larger adjacent factory is almost complete and the current year will benefit from the resultant productivity improvement.

Automatic Connector also had a good year with a substantial increase in earnings and sales growth of 22 per cent.

In Canada, Edac experienced a disappointing year as a result of the downturn in the US computer market — the company is well positioned to benefit from a market revival.

Beswick, the fuse and circuit protection operation, had a satisfactory year with sales up by 22 per cent due principally to increased sales of new products.

Earnings per share came through 2.7p ahead at 13.6p.

● comment

The fact that Dubilier came in a little above forecasts was not in itself remarkable: a shift to average exchange rates easily accounts for the difference. What was significant was that it managed to achieve this level of growth in a year which saw an unusual degree of disruption from reorganisation. The current year, unburdened by such constraints, should produce a recovery towards the growth rates of years past. All divisions are likely to experience further rises in turnover. Greenpar Connectors' new factory will improve margins, Automatic Connector is seeing a particularly strong start to the year, Edac is picking up signs of an upturn in the PC market and Beswick has sorted out its problems with a new type of fuse. Dubilier has also succeeded in getting its borrowings under control, reducing gearing from a peak of over 60 per cent to 29 per cent at the year end. All this points towards at least £7.5m for the current year, putting the shares, up 14p at 180p, on an undemanding prospective p/e ratio of 12 after a 33 per cent tax charge.

Cable & Wireless

Cable and Wireless said yesterday that the first instalment on the forthcoming sale of 146.11m ordinary shares will be 300p per share payable on application. The second instalment, to be quantified shortly, will be payable in March 1986.

Bodycote makes £2.7m cash call

BY TERRY POVEY

Bodycote International, the metal treatment and protective clothing company, is raising £2.7m net in a one-for-four rights issue of almost 2m shares at 145p each against a close of 179p.

The company's board is forecasting that pre-tax profits for 1985 will exceed £2.8m, against £1.76m for 1984 and £1.35m for the six months to June.

Bodycote expects to pay a final dividend of 3.5p on the enlarged capital—an *interim* of 2.5p has already been announced. In 1984 the total dividend was 4.5p.

Over the last three years the company has spent £5m building up a metal treatment division, the trading profits of which have grown from £0.7m to £1.4m in the same period.

The main markets for the heat treatment processes of this division are the aerospace, automotive and transmission sectors.

Although the company had almost £5m, 40 per cent of shareholders' funds, in debts early in November the rights proceeds are to fund expansion rather than to repay borrowings.

More than half the funds raised by the rights are to be used to finance a new heat metal treatment plant in Corby.

Much of the rest will be used to fund the completion of the plasma nitriding plant at Aldridge—again for metal treatment.

Bodycote's other three main area's of activity have been overtaken by the rapid growth of the metal treatment division. Protective clothing and safety products contributed £633,000 to trading profits in 1984, industrial and general textiles £595,000 and investment broking services £83,000.

The issue has been underwritten by Grieveson Grant who along with Henry Cooke, Lumsden are also brokers to the issue.

Provincial Insurance, with a 12.2 per cent stake in the company, has told the board that it intends to take up its rights in full.

● Albert Group's rights issue of 13.63m new ordinaries has been taken up as to 13.25m shares (97.2 per cent).

Hallwood £4m for London paper group

Hallwood Group, the US property and financial services business, yesterday announced an agreed £4.1m cash bid for G. W. Dray & Son, a London paper and packaging merchant and stationer.

Hallwood (formerly Atlantic Metropolitan), which already owns 10 per cent of Dray, has received irrevocable acceptances from Dray shareholders with 44.2 per cent of the equity.

BHS jump late

British Home Stores' shares rose 18p in late trading yesterday to close at 415p. Stock market speculation suggested the company was about to face a takeover bid to rival its proposed £1.5bn merger with Habitat Mothercare.

A BHS spokesman said last night that no other approaches had been received.

Nationwide Leisure

Nationwide Leisure has acquired the freehold interest in Brockham Park Estate, Tadworth, Surrey, for £130,500 cash.

The estate is licensed for 32 park homes and is adjacent to the Surrey Hills estate which is also within the group's ownership.

John Swire

John Swire & Sons, the London-based parent of the Swire Group, has bought the Whitlam Group's offshore chemical tank fleet in a cash deal worth more than £5m.

The purchase coincides with the Swire Group setting up a new oilfield services division which will serve clients from bases in the UK, Holland, Denmark, Norway and Canada. Swire said it intended to expand its existing fleet by investment and more acquisitions.

SVENSKA INTERNATIONAL LIMITED

US$25,000,000 SUBORDINATED FLOATING RATE NOTES 1995

NOTICE IS HEREBY GIVEN that for the interest period from 29th November, 1985 to 29th May, 1986 the rate of interest on the Notes is 8⅝% per annum. The Coupon Amount will be US$417.93.

SVENSKA HANDELSBANKEN S.A.
Agent Bank

CL CREDIT LYONNAIS

U.S.$ 300,000,000 Floating Rate Notes due 1995

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from November 29, 1985 to May 29, 1986 the Notes will carry an interest Rate of 8 7/16% p.a.

The interest payable on the relevant interest payment date, May 29, 1986 against coupon nº 6 will be U.S.$424.22 per Note.

The Fiscal Agent
KREDIETBANK
S.A. LUXEMBOURGEOISE

COMMERZBANK OVERSEAS FINANCE N. V.

U.S.$ 100,000,000
Floating Rate Notes Due 1989

In accordance with the provisions of the Notes notice is hereby given that for the three months period from November 21, 1985 to February 21, 1986 the Notes will carry an interest rate of 8 1/16% per annum with a coupon amount of U.S.$ 206.04.

Frankfurt/Main, November 1985
COMMERZBANK
AKTIENGESELLSCHAFT

COMMERZBANK OVERSEAS FINANCE N. V.

U.S.$ 100,000,000
Floating Rate Notes Due 1995

In accordance with the provisions of the Notes notice is hereby given that for the six months period from November 18, 1985 to May 19, 1986 the Notes will carry an interest rate of 10% per annum with a coupon amount of U.S.$ 505.56 on U.S.$ 10,000.– and U.S.$ 2,527.78 on U.S.$ 50,000.–.

Frankfurt/Main, November 1985
COMMERZBANK
AKTIENGESELLSCHAFT

COMMERZBANK OVERSEAS FINANCE N. V.

U.S.$ 150,000,000
Floating Rate Notes Due 1989

In accordance with the provisions of the Notes notice is hereby given that for the six months period from November 20, 1985 to May 20, 1986 the Notes will carry an interest rate of 8⅜% per annum with a coupon amount of U.S.$ 421.08.

Frankfurt/Main, November 1985
COMMERZBANK
AKTIENGESELLSCHAFT

Redemption Notice

Hamersley Holdings Limited

9½% Debentures Due 1992

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of January 1, 1977 under which the above-described Debentures are issued, Citibank, N.A., as Trustee, has selected for redemption on January 1, 1986, (the "Redemption Date") at the principal amount thereof (the "Redemption Price"), through the operation of the Sinking Fund provided for in the said Indenture, $400,000 principal amount of Debentures of the said issue of the following distinctive numbers:

COUPON DEBENTURES OF $1,000 PRINCIPAL AMOUNT OUTSTANDING

[illegible]	3960	[illegible]	11252	13510	[illegible]	19276	21424	24300	25890	27983	[illegible]	33528	[illegible]	[illegible]
348	4026	[illegible]	11294	13504	[illegible]	19363	21552	24264	26030	28126	[illegible]	[illegible]	[illegible]	[illegible]
399	4048	[illegible]	11467	13709	16016	19477	21818	24295	26187	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
407	4150	[illegible]	11619	13759	17309	19640	21901	24408	26191	[illegible]	30508	[illegible]	[illegible]	[illegible]
623	4178	8474	[illegible]	[illegible]	[illegible]	19707	[illegible]	24412	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	4276	8650	11834	13979	17674	19817	22067	24473	[illegible]	29440	30679	34051	[illegible]	[illegible]
[illegible]	4294	8652	11871	14061	17783	[illegible]	22194	24494	[illegible]	[illegible]	30702	34091	[illegible]	[illegible]
[illegible]	4345	8653	[illegible]	14154	17839	[illegible]	[illegible]	24509	26418	[illegible]	[illegible]	34093	[illegible]	[illegible]
1915	4413	8792	12213	14203	17854	20074	[illegible]	24530	26419	[illegible]	[illegible]	34115	[illegible]	[illegible]
[illegible]	4451	[illegible]	[illegible]	14258	17858	20103	[illegible]	24605	[illegible]	[illegible]	[illegible]	34153	[illegible]	[illegible]
[illegible]	4493	[illegible]	12542	14414	17959	[illegible]	22404	[illegible]	[illegible]	[illegible]	[illegible]	34315	[illegible]	[illegible]
2159	4506	9078	12564	14833	17966	[illegible]	[illegible]	24707	[illegible]	29092	31088	34319	[illegible]	[illegible]
2164	4575	10147	12819	[illegible]	[illegible]	20347	22966	24735	26646	29100	31214	34344	[illegible]	[illegible]
2172	4577	10334	12705	14840	18158	20512	23000	24737	26724	29139	31218	34425	[illegible]	[illegible]
[illegible]	4598	10448	12721	14869	[illegible]	20516	23010	24752	[illegible]	29217	31282	34600	[illegible]	[illegible]
2479	4782	10610	12745	15115	18396	20646	[illegible]	24953	26874	29397	[illegible]	[illegible]	[illegible]	39015
2565	[illegible]	10682	12760	15180	18419	20686	23128	25096	26989	29440	31371	34776	[illegible]	[illegible]
2567	4911	10681	12791	15258	18626	20753	23152	25110	27011	29454	31389	34850	[illegible]	[illegible]
[illegible]	4927	10818	12814	15338	18648	20801	[illegible]	25123	27345	29511	31465	35003	37098	39103
[illegible]	4970	10866	12861	15434	18664	21054	23441	25258	27384	29539	32045	35038	37105	[illegible]
2962	5032	[illegible]	13049	15435	18672	21070	23449	25332	27301	29646	32051	35067	37181	[illegible]
2963	5055	[illegible]	13178	15086	18708	21090	[illegible]	25415	27336	29681	[illegible]	35132	37406	39062
3349	[illegible]	11041	[illegible]	15726	[illegible]	21148	23794	25499	27385	29795	[illegible]	35147	[illegible]	
3356	6165	11042	[illegible]	15734	[illegible]	21177	[illegible]	25541	27584	29870	33125	[illegible]	37511	
3507	6186	[illegible]	13427	15776	19084	21281	[illegible]	25564	27665	29878	[illegible]	35242	37567	
3742	[illegible]	11079	13437	15835	19156	21291	[illegible]	25670	27742	30041	33418	35406	[illegible]	
3871	6293	11234	13543	15876	19248	21335	24072	25788	27841	30083	33513	35464	37760	

The Debentures specified above are to be presented for the said Sinking Fund at the option of the holder (a) at the Receive and Deliver Windows of Citibank, N.A., Trustee under the Indenture referred to above, 111 Wall Street—5th floor, New York, New York 10043 or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt (Main), Geneva, London (Citibank House), Paris, Tokyo, Swiss Bank Corporation in Basle and the main office of Banque Générale du Luxembourg S.A. in Luxembourg, the Company's Paying Agents. Payment at the offices referred to in (b) above will be made by check drawn on, or transfer to a dollar account maintained by the Holder with, a bank in The City of New York. On the Redemption Date such Debentures shall become due and payable at the Redemption Price and on and after such date, interest on the said Debentures will cease to accrue and the coupons for such interest shall be void.

The Debentures specified above should be presented and surrendered at the offices set forth in the preceeding paragraph on the said date together with all interest coupons maturing subsequent to the Redemption Date. Coupons due January 1, 1986 should be detached and presented for payment in the usual manner.

For HAMERSLEY HOLDINGS LIMITED
By CITIBANK, N.A.
Trustee

November 28, 1985

Withholding of 20% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. If Debentures are presented in the United States, please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

UK COMPANY NEWS

Brickhouse Dudley looks forward to further progress

IN SPITE of difficulties being experienced by the civil engineering company, the Brickhouse Dudley group has shown an increase in profit from £765,000 to £864,000 in the half year ended September 30 1985. The interim dividend is again 0.95p net.

The directors say that E. W. Avent, the civil engineer, has met difficulties working itself out of some bad contracts, and the new management was set a task "of greater magnitude" than was realised.

However, the situation is improving and the second half, while not redressing the loss, should show a substantially better trend towards profit.

The directors report that the merchant and export divisions are ahead of target and with good order books, and they are optimistic that the divisions will show further healthy profit progress through the second half.

In the manufacturing side the Risca foundry has been re-equipped to provide increased productivity and efficiency. Teething troubles upset the earlier production rhythm, but the required improvement to put the division back on target is evident.

In the half year turnover improved from £18.27m to £19.65m, including exports of £2.3m (£2.09m), and trading profit from £983,000 to £1.1m. Net interest charges were £240,000 (£218,000).

After tax £346,000 (£350,000) the net profit is £518,000 (£415,000) for earnings of 3.33p (2.67p) per share.

In the year ended March 31 1985 the group made a pre-tax profit of £1.71m and paid a total dividend of 3.45p.

The group makes cast iron and steel products and distributes these, along with a specialist range of pipes and fittings; and provides a specialist service for civil engineers.

MMT Computing shows improvement to £0.43m

PRE-TAX PROFITS at M.M.T. Computing, computer systems consultancy, improved from £355,000 to £432,000 in the year to August 31 1985 after moving ahead from £170,000 to £203,000 at the interim stage.

Mr M. J. Tilbrook, the chairman, said in his interim report in May that talks were going on concerning a possible joint start-up venture. He now reports "exciting progress" with the establishment of M.M.T. Computing (Reading), in which the company has a 45 per cent holding acquired at nominal value.

He says that after some five months trading, it has 12 employees, two major clients, 90 per cent staff utilisation and is trading profitably.

Forward orders at M.M.T. Computing generally are as high as at any time in its history, and discussions with several clients are expected to lead to sizeable and significant projects being won in the coming year.

Although increases in recruitment costs and National Insurance contributions are an unwelcome burden, the board believes that there is every reason to regard the future with confidence.

Turnover rose from £1.33m to £1.46m during the year. There was a tax charge of £191,000 (£167,000). The final dividend of this USM company is raised from 2.25p to 2.8p for an increased total of 4p (3.25p). Stated earnings per 5p share increased by 2.6p to 12p.

Profit of £272,000 for New London

NEW LONDON OIL made a pre-tax profit of $401,000 (£272,418) in the seven months to September 30 1985. The UK-based company formed to back oil and gas development in the US was floated on the Stock Exchange on April 1. It reports oil and gas sales worth $1.47m. Operating profit is $210,000 and there is an exchange gain of $191,000.

The company does not intend to pay an interim dividend as the cash is required for its drilling programme. The results were achieved, it says, in spite of the downturn in the US oil industry. Earnings per share were 1.94 cents.

During the period reported, 40 successful development wells were drilled at a cost of $4.32m and they are all now producing. Four exploration wells and one development well were drilled unsuccessfully at a cost of $689,000. The company is optimistic that new reserves will be identified in the second half.

Lower than projected oil and gas revenues from Weld County operations will affect the company's operating cash surplus for the year. However, development costs will also be lower due to the slowdown in the drilling programme and reduction in drilling costs.

The cash balance is therefore likely to be about the $4m shown in the prospectus.

The directors estimate that year-end *proven reserves* will be maintained at 5m barrels of oil equivalent. Approximately 45 per cent of this will be in the proved producing category, compared with 14 per cent at the time of the flotation.

The company says it is establishing a solid proved producing reserve base and has sufficient capital and cashflow to fund development and exploration.

Exports boost G & G Kynoch to £0.13m

Continued growth in furnishings and men's jacketing fabrics in North America as well as ladies' fabrics in Europe, has helped G. & G. Kynoch to a record pre-tax £125,787 in the year to end-August 1985. This is a 23 per cent increase on the previous £91,059.

Turnover rose by 23 per cent from £3.03m to £3.74m, with exports accounting for 91 per cent (87 per cent) of total sales.

The seasonal order pattern for this woollen cloth manufacturer has started well, the directors say, which gives confidence of further growth in the current year.

They are recommending a 1p (same) final dividend, which increases the total by 50 per cent to 1.5p (1p). Stated earnings, after tax up from £5,500 to £14,400, were ahead at 14.5p (13.1p), and fully diluted at 13.1p.

From an operating profit of £280,389 (£195,087), interest took a higher £154,602 (£104,028).

There were extraordinary debits of £40,618 (credits £9,174).

Gartmore American assets fall

NET ASSET value per Gartmore American Securities ordinary share, after deducting prior charges at par, were 135.4p, against 147p on March 31 and 137.2p on September 30 1984.

Net revenue fell 10.5 per cent from £231,603 to £207,238. This was after tax of £117,175 (£123,314).

Gross revenue before charges was £588,806 (£518,005). Earnings per share were down from 1.29p to 1.15p.

It was stated in the accounts for last year that earnings would show some decline due to higher interest charges and policy of capital growth in overseas assets. The directors, therefore, hoped to be able to recommend a total dividend for the year 1985-86 of 1.2p, down from 2p previously and would expect to maintain and increase this gradually over the years.

For the half-year now reported the interim dividend is unchanged at 0.6p.

Compco lifts profit to £305,000

Reflecting the receipt of rental income from the Watford Enterprise Centre, *purchased earlier* in the year, and lower interest charges, Compco Holdings has lifted its pre-tax income from £202,490 to £304,624 in the half year ended September 25 1985.

The company is engaged in property investment and development. Total income rose to £384,287 (£333,897) in the period, with net rental income of £354,404 (£324,504), interest receivable £9,088 (£5,393), and other income £20,785 (£4,000).

After tax £125,000 (£94,600) the net profit was £179,624 (£107,890), for earnings of 3.76p (5.26p) per share.

The company has received approval of its planning application for the development of its property in Hanway Place, London.

Fashion & General

Pre-tax profits of Fashion & General Investment surged from £180,183 to £342,604 over the half year ended September 30 1985 and the interim dividend is being lifted by 4p to 10p net.

The company, an investment holding concern, is a subsidiary of Scottish and Mercantile Investment.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1984							
4th qtr.	103.5	101.3	105	112.7	164.0	3,103	153.9
1985							
1st qtr.	106.0	102.7	104	113.3	133.9	3,138	153.6
2nd qtr.	108.3	103.5	108	115.0	141.4	3,174	161.7
3rd qtr.	107.9	103.0		116.4	145.2	3,179	164.4
February	105.2	102.3	109	112.7	130.2	3,144	153.1
March	107.1	103.5	103	113.9	136.5	3,147	156.1
April	108.1	103.3	100	113.5	140.3	3,176	161.0
May	108.4	102.7	108	115.3	142.0	3,177	160.7
June	108.3	104.5	116	116.0	141.8	3,169	163.4
July	107.2	102.4	100	116.0	146.9	3,175	163.0
August	107.5	103.4	107	117.5	145.4	3,183	162.9
September	109.1	103.2		115.9	143.7	3,179	167.3
October				114.5		3,175	172.6

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1984							
3rd qtr.	102.1	97.4	104.8	100.2	109.5	98.1	16.2
4th qtr.	102.5	98.6	106.2	100.0	106.0	99.3	13.3
1985							
1st qtr.	102.7	102.1	109.2	103.1	111.0	99.0	13.8
2nd qtr.	102.2	103.5	113.4	104.4	119.6	99.0	18.6
3rd qtr.	102.8	102.8	112.9	103.5	119.2	101.9	
March	103.0	103.9	110.4	104.0	114.0	100.0	16.6
April	101.9	103.1	113.4	104.0	118.0	99.0	17.9
May	101.3	102.9	114.3	104.0	120.0	98.0	19.9
June	103.5	104.5	112.4	105.0	121.0	101.0	17.9
July	101.7	101.9	112.2	102.0	120.0	100.0	18.4
August	103.5	103.0	111.8	104.0	121.0	103.0	15.5
September	103.1	103.4	114.6	104.0	117.0	103.0	18.4

EXTERNAL TRADE—Indices of export and import volume (1980=100); viable balance; current balance (£m); oil balance (£m); terms of trade (1980=100); excluding reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1984							
4th qtr.	119.7	129.1	−1,313	+424	+1,468	96.6	15.52
1985							
1st qtr.	120.5	128.5	−1,283	−535	+1,862	96.5	13.53
2nd qtr.	120.6	126.0	−222	+1,183	+2,368	98.2	14.32
3rd qtr.	115.0	123.1	−150	+250	+2,042	100.6	14.18
February	123.6	127.5	−241	−12	+675	96.2	15.35
March	119.6	136.8	−977	−704	+260	96.5	13.53
April	121.8	130.2	−259	+210	+687	97.3	14.03
May	121.7	121.0	+252	+721	+838	98.3	13.98
June	118.4	126.9	−216	+252	+843	99.1	14.32
July	117.0	123.0	−77	+323	+663	99.4	14.36
August	113.4	123.3	−236	+164	+626	101.3	14.26
September	114.6	124.7	−230	+170	+644	101.1	14.18
October	119.1	125.7	0	+400	+760	101.2	16.31

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP lending £m	Base rate %
1984							
4th qtr.	9.6	24.3	13.4	16.9	2,492	2,946	9.63
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	3,146	13.50
2nd qtr.	5.1	32.4	20.4	19.2	1,523	3,064	12.50
3rd qtr.	5.5	15.4	11.6	17.5	1,771	3,380	11.50
February	3.1	−5.0	4.6	13.3	474	1,013	14.00
March	−1.3	−1.2	9.2	16.0	214	965	13.50
April	5.4	22.2	18.8	19.5	507	1,061	12.63
May	4.2	33.2	18.4	17.7	615	1,042	12.63
June	5.7	44.6	25.1	20.2	401	961	12.50
July	4.4	19.1	8.3	16.8	650	1,129	11.50
August	2.4	22.9	14.4	21.8	524	1,126	11.50
September	1.1	5.2	12.3	14.1	597	1,125	11.50
October	−1.5	24.9	19.4	18.7	796		11.50

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1984							
4th qtr.	164.1	140.1	134.3	358.3	326.8	289.64	74.1
1985							
1st qtr.	165.4	146.2	136.6	362.9	332.8	295.22	72.0
2nd qtr.	170.3	138.8	139.4	375.3	339.4	278.13	78.9
3rd qtr.		133.2	140.1	376.3	335.5	251.12	82.2
February	164.6	147.6	136.6	362.7	332.5	295.73	71.3
March	168.1	145.5	137.5	366.1	335.4	295.22	73.3
April	169.4	140.8	139.2	373.9	338.8	295.08	78.0
May	169.4	138.8	139.5	375.6	339.3	279.98	78.7
June	171.9	136.7	139.6	376.4	340.1	278.13	79.9
July	173.7	133.9	139.9	375.7	335.3	259.51	83.6
August	173.4	132.8	140.1	376.7	335.3	254.34	81.6
September	176.0	132.8	140.4	376.5	335.8	251.12	81.4
October		131.5	140.8	377.1	335.5	249.46	80.4

*Not seasonally adjusted.

BASE LENDING RATES

ABN Bank	11½%	■ Guinness Mahon	11½%
Allied Dunbar & Co.	11½%	■ Hambros Bank	11½%
Allied Irish Bank	11½%	Heritable & Gen. Trust	11½%
American Express Bk.	11½%	■ Hill Samuel	§11½%
Henry Ansbacher	11½%	C. Hoare & Co.	11½%
Amro Bank	11½%	Hongkong & Shanghai	11½%
Associates Cap. Corp.	12 %	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11½%	Knowsley & Co. Ltd.	12 %
Bank Hapoalim	11½%	Lloyds Bank	11½%
Bank Leumi (UK)	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Choulartons**		Royal Trust Co. Canada	11½%
Citibank NA	11½%	Standard Chartered	‖11½%
Citibank Savings	¶12½%	TCB	11½%
City Merchants Bank	11½%	Trustee Savings Bank	11½%
Clydesdale Bank	11½%	United Bank of Kuwait	11½%
C. E. Coates & Co. Ltd.	12 %	United Mizrahi Bank	11½%
Comm. Bk. N. East	11½%	Westpac Banking Corp.	11½%
Consolidated Credits	11½%	Whiteaway Laidlaw	12 %
Continental Trust Ltd.	11½%	Yorkshire Bank	11½%
Co-operative Bank	*11½%		
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Secs. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		
Grindlays Bank	‡11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand dep. 8%. Mortgage 13%.

UK COMPANY NEWS

Andrew Baxter on Klearfold's plans for a London listing

Keeping the lid on know-how

KLEARFOLD, based in Pennsylvania and a manufacturer of packaging for consumer products, is heading for the London stock market via a public flotation as part of its ambitious worldwide expansion plans.

The flotation is likely to raise between $7m and $9m and give the privately-held group a market capitalisation of less than £25m.

Klearfold sees itself as the "best-kept secret in the packaging industry." It will be joining several US companies in a wide range of industries that have chosen to switch to public status via a London flotation.

For Klearfold, there are several advantages in this approach.

The company's growth has depended on a combination of bought-in know-how and in-house development and invention. In 1975, Mr Melvin Herrin, Klearfold's president, founder and owner, was introduced to a West German process for creasing PVC sheet by subjecting it to high-frequency radio waves, producing a packaging product that can be shipped flat.

Recognising the potential for the packaging industry, Mr Herrin bought the rights to the process and Klearfold was established the following year.

By developing techniques for decorating the packaging, Klearfold was able to sell its products to a wide variety of cosmetics, confectionery and other consumer products groups. The company now dominates the US "transparent collapsible display" market.

In 1983 Klearfold came up with its own product, Duofold, which combines the creased PVC with cardboard in a one-piece structure. However, glueing the two pieces together was difficult and it took Klearfold two years to find the right adhesive.

In the highly-competitive packaging market, Klearfold has had to maintain considerable secrecy about the technological side of its business. By going public in London, it will not have to disclose so much about the origins and development of its processes and therefore avoid having its competitive edge blunted.

Further, by listing in London and raising the company's profile in Europe, Mr Herrin hopes that Klearfold will come to be seen as a target for European packaging inventors.

"We want new things to come to us. It is our best guess that these developments will happen in Europe," he says.

While the company is keen to keep a lid on sensitive technological data, it says it has nothing to hide financially.

Hitherto, growth has been financed through banks and retained earnings — pre-tax profits were about $1.3m last year from a turnover of $18m (£12.3m).

Apart from reducing debt, a major reason for the flotation is Klearfold's confidence that its markets will grow as mass merchandising techniques continue to expand.

In preparation for a new phase of growth, management has been strengthened and a new manufacturing plant is due to come on stream next year in Virginia.

This low-cost, highly-automated facility will produce high volume all-PVC products, enabling the company to attract customers who have so far been put off by the extra cost of Klearfold packaging.

Meanwhile, the present plant in Pennsylvania will concentrate on high-margin Duofold products. Money will also be earmarked for the acquisition of packaging plants in the US to increase Klearfold's geographical spread.

Internationally, the group is pinning most of its hopes on licensing and joint ventures. Two licensing deals have been signed for Duofold in Europe, and talks are being held with interested Japanese companies.

The Asian region is considered important because many consumer products are manufactured there for the US market and are likely to require packaging. The strong historical links between the London financial community and the region were another factor behind the planned London flotation.

As a company whose major growth product is a combination of paperboard and plastic, Klearfold is in the middle of a fierce marketing battle between proponents and manufacturers of the two materials.

Mr Herrin admits that some products, such as breakfast cereals, are unlikely ever to require Duofold packaging, but says: "We haven't scratched the surface of the whole market."

It is envisaged that about two-thirds of the proceeds of the flotation will go to the company. The rest will go to Mr Herrin, who will remain a majority shareholder. On this basis net worth will rise from $1.5m to around $6m.

The proposed flotation is being handled by Robert Fleming, while the brokers will be L. Messel.

Bulgin still hit by electronics slump

DIFFICULTIES IN the worldwide electronics industry continued to affect A. F. Bulgin, a components manufacturer, in the first half of the 1985-86 year. Profits came out virtually unchanged at £268,000 in the period to July 31.

This, however, was before taking into account a much higher exceptional cost—£118,000 against a comparable £62,000—for the creation of the power conversion division. The company was further hit below the line by a £65,000 loss on the realisation of an investment, and has omitted a halfway dividend. Last time 0.58p was paid, but there was no final.

The Essex based company managed a small increase in turnover, up from £4.25m to £4.48m, but the directors say that margins were under considerable pressure from competition and increasing raw material costs in the half year.

They add "steps taken in recent years have put the company in good shape to secure an increasing share of the components market in the future and it is ready for the next upturn. However, the company is in a constantly progressing industry and this requires continuing investment."

No further investment has been made in the energy sector. Poor demand and low prices for gas in the US have again caused the Buccaneer oil and gas division to show a loss, but cash flow was positive.

The directors also say that though it is too early to expect a profitable contribution from the power conversion division, early results have encouraged them to increase investment in this direction. To realise the full potential of this expanding market, more staff have been engaged, and while expenses currently are heavy, they expect this division to achieve profitability in 1986.

The tax charge at the interim stage was down at £76,000 against £97,000, for earnings per share of 0.26p, down from 0.4p.

BOARD MEETINGS

TODAY

Interims: Anglo American Corporation of South Africa, Century Oils, Country Gentlemen's Association, Dawson International, Helical Bar, Pacific Investment Trust, Penny and Giles International, Redland, 600 Group, Whittingham Engineering.

Finals: Abbeycrest, Cronite, Davenport's Brewery, Moran Tea, Morland, Royal Bank of Scotland, Scottish Investment Trust.

FUTURE DATES

Interims—	
Baker Perkins	Dec 12
Castings	Dec 5
General Electric	Dec 3
Halma	Dec 16
Hicking Pentecost	Dec 6
Platon International	Dec 3
Transcontinental Services	†Dec 7
Finals—	
Archimedes Inv. Trust	Dec 18
Grand Metropolitan	Dec 19
Inn Leisure	Dec 12

† Amended.

New Issues November 27, 1985

Federal Farm Credit Banks Consolidated Systemwide Bonds

8.45% $1,522,000,000
CUSIP NO. 313311 NL 2 DUE JUNE 2, 1986
Interest on the above issue payable at maturity

9.125% $626,000,000
SERIES O-1987
CUSIP NO. 313311 NQ 1 DUE JUNE 1, 1987
Interest on the above issue payable June 1, 1986, and semiannually thereafter

Dated December 2, 1985 Price 100%

The Bonds are the joint and several obligations of The Thirty-seven Federal Farm Credit Banks and are issued under the authority of the Farm Credit Act of 1971. The Bonds are not Government obligations and are not guaranteed by the Government.

Bonds are Available in Book-Entry Form Only.

Federal Farm Credit Banks Funding Corporation
90 William Street, New York, N.Y. 10038
Peter J. Carney
President
The Farm Credit System

This announcement appears as a matter of record only.

UK COMPANY NEWS

Technical Component for USM with £0.5m placing

BY RICHARD TOMKINS

MR HUGH SYKES, chairman of the fast-growing Thermal Scientific Group which has a quotation on the Unlisted Securities Market, is bringing a second company to the USM.

Technical Component Industries, the holding company of Stainless Steel Fasteners, which makes nuts and bolts for special applications, is coming to the market through a placing of 400,000 shares at 130p a share by Industrial Finance and Investment Corporation.

Mr Sykes is non-executive chairman of TCI and will hold 68 per cent of the shares after the placing. He will hold overall responsibility for the company's development and expansion.

He said his aim in staying with the company was to back Mr Bill Speirs, the managing director, with his reputation: "He will also be suported by the team of professional advisors which helped Thermal Scientific to grow."

Mr Sykes, who is also non-executive deputy chairman of Harris Queensway, formed and floated Thermal Scientific in July 1983. Since then it has acquired four UK and US companies and its shares, placed at 83p, stand at 333p after a two-for-five rights issue last July.

Stainless Steel Fasteners, based in Chesterfield, Derbyshire, was founded in 1965 as a maker of standard fasteners.

In May 1978 it was acquired by Bamford Hall Holdings, an investment vehicle controlled by Mr Sykes which has nursed several companies through to recovery. Mr Sykes installed Mr Speirs initially as finance director and the next year as managing director.

Since then it has abandoned the high volume production of standard fasteners in favour of manufacturing special fasteners in high performance materials for use where there are extremes of temperature or in corrosive or acidic conditions. Many of its customers are in the petro-chemical and oil exploration industries.

Pre-tax profits have grown from £14,000 in 1980 to £167,000 in the year to last December on turnover up from £768,000 to £1.27m. Profits of £295,000 are forecast for the current year, putting the shares on a prospective p/e ratio of 16.5 after an estimated 41.25 per cent tax charge.

TCI has been formed as a holding company to acquire Stainless Steel Fasteners' share capital from Bamford Hall. It has no other subsidiaries.

The placing will raise £520,000, all of which will go to the company. It will be used to wipe out borrowings of £227,732 and to finance growth.

Brokers to the issue are Schaverien & Co.

Steinberg jumps 73% to £1.3m

THE RECOVERY at the Steinberg Group, clothing manufacturer, in the six months to September 28 reflects improved trading at its Alexon quality womenswear subsidiary.

Group pre-tax profit rose 73 per cent from £757,000 to £1.31m on turnover up 10 per cent from £23.16m to £25.51m.

Alexon turned losses into profits in the six months through its policy of improving its range structure and introducing more popular pricing.

The board considers it desirable to change the group's name to reflect this expansion in brand activity at retail level and will recommend to an extraordinary meeting on January 29 1986 that the title Alexon Group be adopted.

It is proposed to introduce a shareholder discount scheme in the spring.

A good performance has been maintained at Claremont Garments, which supplies Marks and Spencer. Pressure on margins has been offset by benefits from manufacturing investment.

The Hornsea pottery business acquired last year has continued to make losses. However, it is now seeing better order books on both the brand and contract sides and expects an improvement in manufacturing output.

The interim dividend is being raised from 1p to 1.25p on earnings per share up from 2.5p to 5.56p.

Mr R. F. Prior will resign as a director of the group and its subsidiaries at the end of this month.

Delmar shows improvement in first half

THE Delmar Group, which is engaged in fabrication and extrusion of rubber and plastics, raised its pre-tax profits from £107,256 to £125,781 over the six months ended September 30, 1985.

Turnover pushed ahead from £1.33m to £1.88m. Earnings came through at 1.28p (1.03p) per 25p share after tax of £50,312 (£48,265) and minorities last time of £7,163.

The directors anticipate paying a dividend for the full year of at least 1.85p net, the rate paid for 1984-85.

Delmar's shares are traded on the USM.

TR Property Inv. shows growth at midway stage

In the half ended September 30, 1985, the TR Property Investment Trust has lifted its net revenue from £796,000 to £941,000 and earnings from 1.83p to 2.16p.

At September 30 net asset value was shown at 182.9p, compared with 177.4p at March 31 and 169p at end September 1984. Prior charges have been taken at par.

Total revenue for the period advanced by 41 per cent, from £1.47m to £2.08m. In March a US$8.7m loan was taken out and invested in real estate investment trust and gilts; consequently, unfranked income has shot up to £991,000 (£548,000) and debenture and loan interest paid to £562,000 (£166,000).

Franked investment income was £716,000 (£783,000) and interest on short term deposits £346,000 (£115,000).

Net revenue was struck after a tax charge of £364,000 (£345,000). The interim dividend is raised to 1.5p net (1.35p) at a cost of £648,000 (£583,000), leaving £286,000 (£206,000) retained.

Investments, including property, were valued at £81.89m.

Van Buren House, in Stratford Place, is fully let at the asking rent of £320,000 annually, and the directors say they are well satisfied with the return

Thos Warrington incurs loss and omits interim

DIFFICULT conditions have continued at Thomas Warrington and Sons, general building and public works contractor, in the six months to June 30 1985 and the group turned in a £405,000 loss. In the comparable period it made a £113,000 profit but finished that year breaking even.

No interim dividend is being paid, against 1.75p, and the amount of the final will be reviewed when the full year results are known. The comparisons have been restated to reflect the change in accounting policy on sales of private houses.

The group has implemented a reorganisation and cost-cutting programme, the main benefit of which should be felt next year.

The contracting order book has improved since June, but profit margins remain tight. With reasonable weather, the company expects a further, though smaller loss, in the second half, but that 1986 should see some recovery.

Turnover in the six months fell 9 per cent from £7.16m to £6.52m and there was a loss per share of 14.24p, against 2.33p earnings previously.

Mr Brian Warrington, chairman, says it has continued to be difficult to obtain satisfactory margins on the low level of contracting work available in the period.

Higher priced houses continued to sell well but, at the other end of the market, sales were low. The company has switched emphasis to the upper end of the market where the outlook is encouraging and has extended its operations in this field to the south-west.

J. Wilson (Heywood), which operates mainly north of Manchester, has shown good profits.

COMPANY NEWS IN BRIEF

YEARLING bonds totalling £3.75m at 11$\frac{7}{16}$ per cent, redeemable on December 3 1986, have been issued by the following local authorities: East Lindsey District Council, £0.5m; Wansbeck DC, £0.25m; Birmingham (City of) DC, £1m; Odur DC, £0.5m; Sheffield (City of) £1.5m.

MARKS & SPENCER Canada has continued its recovery in the first 39 weeks ended October 31. Net profit was C$3.9m (£1.9m) or 37 cents a share, against $1.4m or 13 cents a year earlier, including store closure costs.

MURRAY GROWTH TRUST raised the net asset value to 119.8p on September 30 from 110.7p on the same date last year. Total income for 1984-85 was £7.10m (£6.73m). After interest charges of £2.63m (£3.1m) and administration expenses of 961,000 (£411,000) pretax revenue was up 8.7 per cent from £3.23m to £3.51m

US$ 100 000 000.—

Credit Suisse Finance (Panama) S.A.

11¾% Guaranteed Notes, Series A, due 1992
and 100 000 Warrants to subscribe

US$ 100 000 000.— 11¾% Guaranteed Notes, Series B, due 1992

NOTICE IS HEREBY GIVEN, pursuant to the Terms and Conditions of the captioned issues, that US$ 4 000 000 principal amount of Series A Notes have been drawn for redemption at 101% of their principal amount.

The serial numbers of the 4000 Series A Notes of US$ 1000 each, drawn for redemption and representing US$ 4 000 000 principal amount, are as follows:

[illegible]

The Notes drawn for redemption will become due and payable on January 3, 1986 together with accrued interest for the period from February 13, 1985 to January 3, 1986.

On and after January 3, 1986 the Series A Notes so redeemed shall cease to bear interest.

As of this date, the outstanding principal amounts are:

Series A Notes: US$ 79 000 000.—
Series B Notes: US$ 21 546 000.—

Zurich, November 28, 1985

CREDIT SUISSE
as Fiscal and Principal Paying Agent

Company Notices

ESCOM
Electricity Supply Commission

ECU 50.000.000 Floating Rate Notes due 1990
Exchangeable for 10¾% Bonds due 1990

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest Period from November 29, 1985 to February 28, 1986 the Notes will carry an Interest Rate of 8$\frac{11}{16}$% per annum.

The interest payable on the relevant Interest Payment Date, February 28, 1986 against coupon N° 3 will be ECU 21.96 per Note.

The Agent Bank
KREDIETBANK
S.A. LUXEMBOURGEOISE

JUGOBANKA
United Bank
U.S. $50,000,000
Floating Rate Notes due 1989

For the six months to 30th May 1986 the Notes will carry an interest rate of 9$\frac{1}{16}$% per annum.

Coupon values will be:
$1,000 Notes 45.82 $10,000 Notes 458.16

Barclays Bank PLC, London
Agent Bank

COPENHAGEN HANDELSBANK A/S
US$100,000,000
Subordinated Floating Rate Notes due 2000

Notice is hereby given that, pursuant to Condition 1 (b) of the Terms and Conditions of the above Notes, Copenhagen Handelsbank A/S (the "Bank") has elected irrevocably to subordinate, with effect from 30th December, 1985, a further 25% of the principal amount of each Note being a further part only of the remaining unsubordinated part of the principal amount of each Note (but so that such subordination shall apply equally to all the Notes) whereupon the principal amount so subordinated shall also become Subordinated Debt of the Bank.

Each Note, from 30th December, 1985, will constitute Unsubordinated Debt of the Bank as to 10% of its principal amount and Subordinated Debt of the Bank as to 90% of its principal amount.

Copenhagen Handelsbank A/S

GADEK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN that the half yearly debenture interest of 10% per annum will be paid on 31st December 1985 to debenture stockholders whose names appear on the register of debenture stockholders at the close of business at 4.30 p.m. on 20th December 1985.

By order of the Board
MAK HING KWAI
LIM JIT CHEW
Secretaries

Ipoh, Perak
Malaysia.
28th November 1985.

Art Galleries

LEGER, 13, Old Bond St. ANNUAL WATERCOLOUR EXHIBITION. Mon. to Fri. 9.30-5.30. 01-629 3558.
RICHARD GREEN, 36 Dover Street, W1 493 3939. CHRISTMAS EXHIBITION OF PAINTINGS UNDER £8,000. Daily 10-6. Sats. 10-12.30.

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 01-734 0557.

Legal Notices

IN THE MATTER OF
AURA STYLE LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Creditors of the abovenamed Company, which is being voluntarily wound up, are required, on or before the 30th day of January 1986 to send in their full Christian and Surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned SURJIT KUMAR SINGLA, F.C.A. of Singla & Co., Chartered Accountants of New Broad Street House, 35 New Broad Street, London, EC2M 1NH, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

DATED this 20th day of November 1985.
S. K. SINGLA, F.C.A
Liquidator

TECHNOLOGY

EDITED BY ALAN CANE

Guy de Jonquieres looks at a novel attempt to enable companies to chart their course during times of change

Activity map to stay ahead in the race

"WHAT is my business?" is—or ought to be—a question asked with increasing frequency by senior managers in any company which both depends for its competitiveness on the efficient use of information and is confronted by rapid technological change.

That description embraces an ever wider range of companies. It is particularly true in the service industries, where the emergence of powerful electronic information systems combining computing and telecommunications is eroding barriers and producing a confusing between previously separate activities.

One example is the upheavals in the City of London, where impending deregulation is spurring the development of electronic trading networks and conglomerate mergers between different types of financial institution. Another, in manufacturing, is the diversification into high-technology of General Motors through its recent acquisition of Electronic Data Systems and Hughes Aircraft.

This blurring of boundaries can be disorientating for industry analysts and for the companies themselves, particularly if they are reacting to changes rather than controlling them. How can you know where you're going if you're not sure where you're starting from?

The "information business map," published by the Harvard University Program on Information Resources Policy, is an attempt to provide some answers. Since 1980 it has set out to chart the activities of companies and organisations in the information business, broadly defined, and to relate them to those of competitors and the market.

The program has 115, mostly American, sponsors. They include American Telephone and Telegraph, International Business Machines, the New York Times, the Communications Workers of America Union and the Central Intelligence Agency. European participants include Sweden's L. M. Ericsson and France's Direction Generale des Telecommunications.

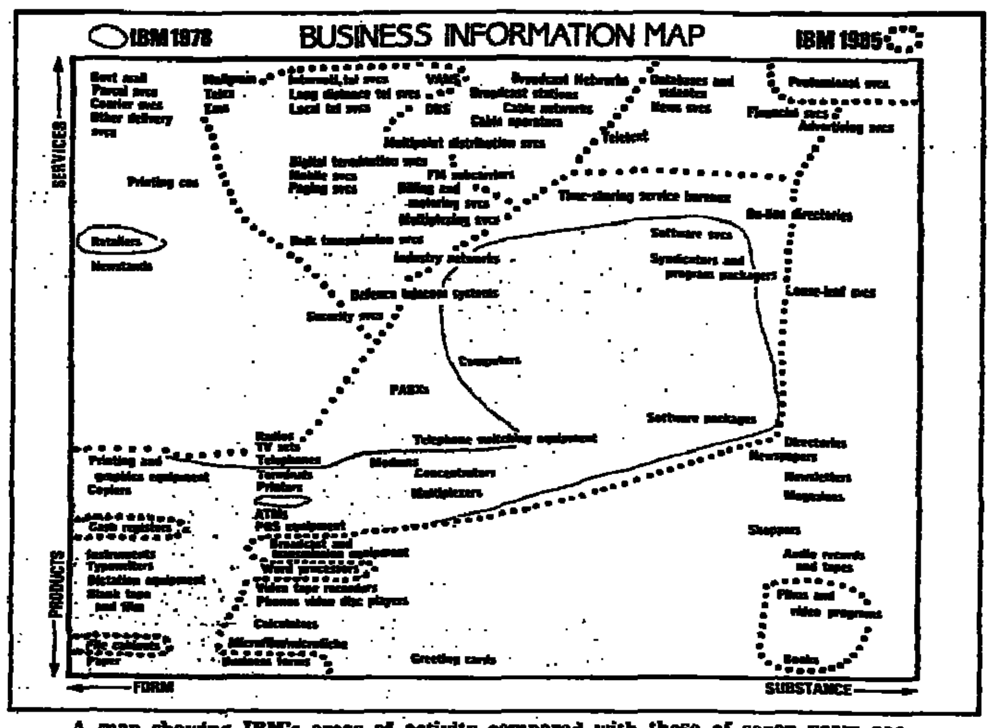
Mr John McClaughlin, the program's executive director said: "We provide a service to all those people by identifying their differences.

"The primary thing the map is good for is getting people to think about where they are in the business and who else is in it."

The map has been used as a strategic planning tool by AT & T and some regional US telephone companies to help them cope with the dramatic upheavals in their businesses triggered by the break-up of the Bell telephone system and deregulation. IBM also used it while fighting a 14-year anti-trust case brought by the US Government.

Mr James Ellis, head of strategic planning at Southwestern Bell, a large US regional telephone company, said: "The map has some very practical applications." He says Southwestern uses it mostly to evaluate marketing strategies and to pinpoint new areas of business development.

The map identifies 80 different categories of information product and service. These are plotted on two axes: vertically with services at the top and products at the bottom; and horizonally ranging from "form" (information handling) on the left to "substance" (information generation) on the right. A line is drawn round those areas where a company is involved to create a profile of its business.



A map showing IBM's areas of activity compared with those of seven years ago

The map illustrates vividly, for instance, how Xerox has failed, despite considerable efforts, to position itself to become a rival to AT & T and IBM in office automation. While the business profiles of the two latter companies cover large solid portions of the map, Xerox's operations show up as a few small islands.

The nature and position of the business categories tend to change over time. The "information business" in 1790 featured only 12 categories, mostly at the outer edges of the map. In today's much more crowded map, many more categories are bunched nearer the centre, reflecting the trend towards complex electronic systems.

Inevitably, the choice of categories is somewhat subjective. It is near-impossible, after all, to distinguish exactly between electronic typewriters and word processors or, in certain cases, between products and services. Microchips are excluded altogether because they are common to so many of the categories.

In its present form the map has other shortcomings, too. There is no way for the user to judge the relative sizes of the different business categories or markets which appear on it. Nor does it attempt to measure and compare companies' competitive strength in each category: IBM's position in computers looks just the same as that of its smallest competitor.

Mr McLaughlin would like to remedy these weaknesses and has been experimenting with attempts to give the map a "third dimension" by including more numbers. A major obstacle, however, is the lack of consistent and accurate statistical information needed. Companies, market research firms and government agencies all classify such information differently.

Ironically, the map is compiled using methods which long pre-date the "electronic information age." The program has access to Lexis, the on-line database service but many of the data on which it is based are laboriously extracted from company reports and newspaper clippings. These are then collated manually and the different maps are drawn on paper.

Mr McLaughlin hopes to computerise the process eventually. But a recent attempt to do so using a specialised computer graphics system suggests that technology has still to catch up with the programme's needs. The machine, he says, was just too slow for the job.

Infra-red 'sniffer' to beat bombers

A DEVICE for detecting small quantities of explosives could help airport security officers combat the growing menace from hijackers.

The hardware, produced under a $1m contract to the US Federal Aviation Administration, was the subject of tests at Boston's Logan Airport during the summer. In the wake of the recent hijack of an Egyptian aircraft, in which 60 people were killed, and other similar events of the past few months, the FAA is keen to introduce such devices as an essential part of security checks.

If further trials prove successful, airport administrations around the world could take up the technique, thinks Mr John Hatsopoulos, vice president of Thermedics, a company in Woburn, Massachusetts which is working on the hardware.

He says the market for such detectors could be worth about $2bn a year within a few years.

To detect bombs, security officers around the world rely largely on dogs trained to react to the characteristic smell of nitrogen compounds (nitroglycerine for instance) contained in explosives. The Thermedics device works on a similar principle in that it detects, using a technique borrowed from chemical analysis, the quantities of these compounds carried in vapour.

The hardware, based on an instrument called the thermal energy analyser Thermedics developed for chemistry laboratories, can detect concentrations of the materials of about one part in a hundred thousand billion.

In the analyser, vapour from the bomb passes into a device called a pyroliser which, operating at a temperature of 350 deg C to 900 deg C, cleaves the nitrogen-costaining compounds into a mixture of gases.

Specifically, the device produces nitro (NO2) or nitrosyl (NO) radicals in a gaseous form from compounds of the sort found in explosives which contain these chemical groups.

Further decomposition leaves just the nitrosyl radical, which is drawn into another chamber where it reacts with ozone, forming nitrogen dioxide in what is called an electronically excited state. As the nitrogen dioxide decays back into its "ground" state, it emits a shaft of infra-red radiation at the characteristic wavelength of 0.6 microns. Measuring this radiation indicates the amount of explosive in the original sample.

Under the FAA contract, Thermedics has to build its system into a form that can be used easily in airports. For instance, it has to construct the sensor in such a way that the hardware can be made to "sniff" out for explosives that may be buried inside luggage and other containers.

As a further stage of the contract, the Massachusetts company may be asked to build an experimental installation that could be used in airport check-in lounges in a routine fashion. A set of hardware based on the Thermedics system in a check-in lounge would cost about $100,000.

Building jobs for shuttle crew

ASTRONAUTS on a US space shuttle flight at the weekend are due to experiment in building structures in orbit using techniques seemingfy borrowed from children's construction kits.

The six men and one woman aboard Atlantis—one of the fleet of four space shuttles—that lifted off from Cape Canaveral yesterday will try out a variety of methods to snap together components loaded in the vehicle's cargo bay.

The experiments are part of a series of trials organised by the National Aeronautics and Space Administration to prepare astronauts for the task of building large structures in space, possibly big communications satellites or manned orbiting bases.

In tomorrow's exercises, the space workers will attempt to build a 45 ft high tower from the cargo bay. In this experiment, called Access (Assembly Concept for Construction of Erectable Space Structures), the astronauts will build their version of a space-age high-rise structure from 93 aluminium struts that clamp together.

In the second experiment, Ease (Experimental Assembly of Structures in Extravehicular Activity), the astronauts will build a structure that looks like an inverted pyramid 12 ft high.

In the work, the spacefarers will attempt construction techniques they have already tried out in ground experiments in water baths to simulate the low gravity of space. While some of the astronauts are busy erecting the structures, their colleagues will capture the best techniques for posterity on video film.

Other highlights of the week-long shuttle mission include the launch of three communications satellites—for Mexico, Australia and the RCA communications company — and tests of hardware ot turn out new materials under weightless-tests of hardware to turn out porations, 3M and McDonnell Douglas.

PETER MARSH

Disk drive launched by Rodime

RODIME OF Glenrothes, Scotland, bright star in Britain's electronic firmament, seems set for further success with its newly announced a 5¼-in Winchester disk drive. The designs have come from the company's Boca Raton subsidiary in Florida.

Known as the RO 400, the drive is half the height of the previous models, has a data access time of about 30 milliseconds (thousandths of a second) and consumes relatively little power. Its size and low power make it particularly suitable for portable computers.

Model RO 410 can store 85 megabytes while the RO 430 has a capacity of 170 megabytes. A megabyte is equivalent to about 30 pages of the Financial Times, printed solid.

Rodime claims that in their respective classes, these machines offer twice the capacity of other available "half-height" units. Evaluation models will be available in the first quarter of next year.

Founded in 1980, Rodime reported sales of $75m (£53m) and net profit of $9m for the nine-month period ending June 30 1985.

Fire resistant

A COMPANY in Waltham Abbey, Essex, is selling a form of synthetic sponge for furnishing and covers which extinquishes itself when ignited.

New Metals and Chemicals says the silicone sponge, Foamega, gives off little smoke and no toxic material in a fire. The material is sold in rolls up to 3 ft long and 1 in thick.

The company says the substance could be useful in furnishings which their manufacturers want to make fire-resistant. In 1983, 140 people died in Britain as a result of household fires involving materials in soft coverings.

FUND MANAGER

Pacific Basin

As a major UK institutional investor, with our Head Office in the City, we are continuing to expand our involvement in the Pacific Basin markets.

This expansion requires us to recruit a Fund Manager to join our International Fund Management team.

The person appointed will have had at least 2 years involvement in the analysis of companies in the Far East, in particular Japan, together preferably with some Fund Management experience. We are looking for individual qualities of initiative and enthusiasm as the job requires active participation from an early stage in the day-to-day management of funds exceeding £25m.

In addition to attractive starting pay, we offer a substantial benefits package including pension scheme, mortgage interest subsidy and other fringe benefits.

To apply, please write with full C.V. to:- David Malcolm, Chief Investment Manager, Royal Insurance plc, 1 Cornhill, London EC3V 3QR.

Royal Insurance

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Business Analyst

This is a creative finance postition which will stretch your intellect to the full. Working closely with the Engineering & Design function, you will assume responsibility for the financial analysis and profitability assessment of specific product lines, including budgeting, capital expenditure, R&D and manufacturing costs etc. Qualified to degree level in a numerate discipline, and with sound computerised tools knowledge, you must be able to demonstrate proven analytical experience plus strong interpersonal skills gained at project management level within a related industry.

Situated in central Hertfordshire, the company offers an excellent range of benefits including relocation assistance to an area which provides first-class recreational facilities in a rural location within easy access of London.

Please write with full c.v. to Sue Skidmore, Manager, The Recruitment Link, 508 Elder House, Elder Gate, Central Milton Keynes, MK9 1LJ. Tel: 0908 660232.

Project Finance

Cable and Wireless is a worldwide organisation supplying telecommunications services and facilities in more than sixty countries.

Our Group Head Office, located in Central London, is looking for an energetic Project Finance Executive to support our Group's asset financing team in co-ordinating and arranging finance for major capital intensive projects.

As a considerable amount of work will entail liaison with other departments in the Group, as well as banks, credit and aid agencies, government departments, customers and group suppliers, you will need well developed administrative and communicative skills.

If you have at least 18 months relevant experience, including a knowledge of project evaluation techniques, the basic workings of various governments' aid programmes, and preferably possess a suitable finance or banking qualification, we would like to hear from you.

A salary package is offered commensurate with the level and responsibility of this position.

Please write, quoting Ref R/488F to, Recruitment Manager, Cable and Wireless plc, Mercury House, Theobalds Rd, London WC1X 8RX - or telephone for an application form on 01-405 4980 (24 hours).

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Finance Analyst

TEXACO

We are a major international company engaged in the full range of petroleum activities in the UK. We currently seek a Finance Analyst to work within our Finance/Treasury department based in Knightsbridge.

You will be involved in most aspects of the department's activities especially assisting with leasing and financing negotiations including bid analysis, and administration. Other duties will include analysis of pension fund performance.

You should be between 23-28 years of age and have a degree or professional qualification in a relevant discipline together with related work experience. Knowledge of personal computers would be an advantage.

A salary commensurate with age, experience and qualifications will be offered along with benefits associated with any large organisation.

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**Ms. A. Ellison,
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FTB INTERNATIONAL BANKING

CAPITAL MARKETS

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An "AAA" rated institution seeks a senior individual with several years experience in the convertible sales area. Whilst the initial "brief" is to maintain and improve the companies stance in the convertible market, there will be a certain amount of emphasis on building and consolidating the current team. Therefore the successful individual will have man management expertise as well as an impressive record in sales and product innovation.

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Our client requires an aggressive individual with two to three years sales experience in the financial futures market. The company concerned are amongst the leaders in this area and this position is an addition to an already successful team. Potential applicants should note that the emphasis is on "distribution" rather than "servicing" and therefore compensation will be geared to results.

The position offers the potential for an individual to be at the forefront of this market and to expand on an already impressive track record.

Individuals interested in the above positions should contact:

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Whether you are actively looking or would simply like to be kept informed, contact: Fiona Stephens, Anthony Innes, Simon Kennedy, Martin Armstrong, Emma Weir.

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International Appointments

OIL COMPANY MANAGING DIRECTOR

We are a multinational group active in the petroleum sector as well as banking and shipping.

We are looking for an experienced corporate officer to manage our oil operation.

The ideal candidate should be conversant in crude oil supply and refining; have an extensive experience in refined products marketing and should know how to manage people.

He will be responsible for:

* the management and administration of our refineries in Europe and two other locations;
* the expansion of an active crude oil trading and processing division;
* the expansion of wholly-owned product marketing networks in conjunction with the company's refining program.

We offer an attractive salary and benefits commensurate with qualifications and performance.

Please write in confidence to the Personnel Manager, under cipher V 18-118492, PUBLICITAS, CH 1211 Geneva 3.

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One of the best known UK Insurance Groups seeks a commercially minded qualified accountant aged c.30/40 to be responsible for all aspects of financial control and management reporting for its Kenyan subsidiary.

Working closely with the Managing Director and the Board, you will be expected to make a significant contribution to increased profitability and corporate development by further improving financial and operational systems and closely monitoring the business. You will also maintain the usual reporting link to the U.K. Holding Company.

Applicants must have strong personal skills and proven commercial experience, preferably gained overseas and in the financial sector.

After a short period in the London Head Office, the posting to Nairobi will be on a two year renewable contract. Thereafter prospects within the Group are outstanding.

A tax efficient remuneration package (UK equivalent from **c.£20,000 + benefits**) will be negotiated and will include free housing, staff, car and usual local benefits.

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Lloyd Management

125 High Holborn London WC1V 6QA Selection Consultants 01-405 3499

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not less than £25,000

To help maintain the momentum and growth that has made us one of the top British companies in earnings growth, we are looking for a Corporate Planning Manager to work at the Group Head Office.

Applicants will have to be able to demonstrate that they have successfully operated at this level, either in a similar position in Industry or in Merchant Banking. He or she will ideally have a legal or accounting background and will have at least two years' relevant experience.

Personal qualities of commitment, commerciality and the ability to perform under pressure are essential. Compensation will recognise experience and performance generously.

Applications should be in writing enclosing c.v. and sent to:

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— Knowledge and experience of computerised accounting systems and EDP audit procedures.

— Maturity and tact to maintain relationship with multi-national clients and staff.

— The ability to work independently, display initiative and have strong leadership qualities.

An attractive remuneration package is offered, including bonuses, medical and housing assistance, reflecting the importance of this senior and challenging career position. Interviews will take place in London in late December and applications, in strict confidence, enclosing chronological career and salary history should be sent to:—

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Box 5, Wellington House
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EL - AJOU HOLDING

(SAUDI ARABIA)

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1. **Foreign exchange dealer,** BA Fin., min. 10 years FX dealing experience in reputable Financial Firms. English language a must, Arabic an advantage.
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3. **Consultant in Finance and Investment** on an international scale, MBA Fin., min. 10 years experience in a similar position with reputable financial firms. English and Arabic a must.

● Advantageous compensation package commensurate with experience.

Experience in Kingdom preferred.

● Please send C.V. with recent photograph to:
P.O.Box 3614 – Riyadh 11481 – Saudi Arabia.

International Appointments

Appointments Wanted

Accountancy Appointments

The Stock Exchange

Director of Finance and Administration

The Council of The Stock Exchange wishes to appoint a successor to the present Director of Finance and Audit who retires in 1986.

The Director is a member of the Executive Board, reports to the Chief Executive and has functional responsibility to the Property and Finance Committee of the Council. The Stock Exchange has current annual costs and revenues of about £60 million and employs some 1700 people.

This senior and important position demands the ability to manage and implement financial policies, in particular relative to major development projects; to provide and coordinate systems of financial planning, audit, accounting and reporting; to control substantial property portfolios and services; and to direct the work of the Personnel and Management Services Departments. A staff of 300 is engaged in these activities.

The successful candidate is likely to be a Chartered Accountant aged 40 – 50 with broad experience at board level in a professional or commercial field, and with proven ability, personal authority and presence.

A remuneration and benefits package is envisaged which is likely to be of interest to those earning in excess of £40,000.

Please write in strict confidence with full career details to:

**Jeffrey Knight, Chief Executive,
The Stock Exchange,
Old Broad Street, London EC2N 1HP.**

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For Further Details Ring Louise Hunter on 01-248 4864

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mainframe computer system and with the development of accounting records
and controls for a newly established gilt edged market making subsidiary.

A chartered accountant, probably aged in your late 20's with two or three years'
post qualification experience either in the profession or commerce, you will ideally
have relevant experience of the international banking, broking or financial services
sectors. Previous involvement with mainframe based accounting systems is
essential. Personally you will be confident, outgoing and able to relate easily to
those at the highest levels in the financial and business community.

Résumés including a daytime telephone number to Torrance Smith, Executive Selection Division, Ref. S424.

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Chartered Accountant – City

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Candidates aged 26-28, should have gained at least 2 years' post qualification experience in a leading international or national practice. Strong organisational skills and an outgoing personality allied to a desire to develop a career in merchant banking are key requirements for this position.

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Interested applicants should contact Charles Austin on 01-831 2000 or write to him, enclosing a comprehensive C.V., quoting ref. L2061, at
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Candidates should be Chartered Accountants and should preferably have previous Finance Sector experience. The successful applicant will be self-motivated and will respond well to pressure. Prospects are excellent within a company which will soon be a leader in this competitive market.

For further information please write, enclosing career details, or telephone SUSAN FIRTH

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Appointments Wanted

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Success in this challenging role will lead to further widespread opportunities within the group.

Contact David Tod, BSc FCA
on 01-405 3499
quoting ref: D/350/BF.

Lloyd Management
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★ A prime function is liaison with all departmental heads and therefore personality is of key importance.

★ In addition to the tax free salary indicated, other excellent fringe benefits include free furnished accommodation and non-contributory medical scheme.

★ The initial contract is for 2 years with annual leave.

★ Please telephone Valerie Fido or write to her at the address below quoting reference PAS. 106/FT.

Ashbrittle Limited
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UNITED FINANCE AND INVESTMENTS (LONDON) LTD

require a

FINANCIAL ACCOUNTANT

Candidates should have at least 4 years post qualification experience gained in a commercial environment.
Be able to demonstrate a comprehensive knowledge of financial accountancy, computerised accounting system and corporate tax, with ability to apply this acquired knowledge and experience in problem solving.

Please phone
Mr R. Safieddine
for an
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01-499 8204

Audit Opportunities

The Thomas Cook Group Limited, a wholly-owned subsidiary of the Midland Bank, is the world's largest travel services organisation engaged in the issue of travellers cheques, wholesale banknote dealing and the provision and sale of travel products.

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While the overseas travel content for both positions varies, we estimate about 25% of your time will be spent overseas.

We are based within easy reach of Peterborough's city centre and of the attractive villages in the surrounding countryside. The area offers low cost housing, excellent leisure and shopping facilities—all just 50 minutes from London.

Please send your CV with details of your current salary to Mrs Morag C Lloyd, Personnel Officer, Group Central Services, The Thomas Cook Group Limited, PO Box 36, Thorpe Wood, Peterborough PE3 6SB.

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BUSINESS LAW

Flashing cash from screen to screen

Professor Roy Goode, Director of the Centre for Commercial Law Studies at Queen Mary College, London, outlines the legal issues of electronic funds transfer and points the way to their solution.

"MONEY," said Anita Loos some 30 years ago, "is on the way out." The marvellous thing about modern technology is that you don't need to handle money at all. You simply buy goods with Bank One's credit card, pay them off with an overdraft facility from Bank Two using the latter's home computer, clear the overdraft through Bank Three's automated teller machine (ATM) and repeat the process every month. Eventually, it becomes necessary to emigrate—but what a riotous life you will have led meanwhile!

Electronic funds transfer systems are designed to reduce the movement of vast quantities of paper that threaten to clog the banking system. Payment messages may be transmitted in magnetic form on disk, cassette or tape to a batching centre, sorted off-line and redirected to the sending and paying banks. An alternative to such tangible transfer media is the use of a purely electronic system, such as the telephone or the computer-to-computer transfer, which may either be routed through a switching centre or transmitted instantaneously by computer link direct from the sending bank to the receiving bank. Consumers as well as business users can enjoy the benefits of new technology, using ATMs and even home computers to access their accounts and, in the case of the ATM, withdraw cash; and it will not be long before the introduction of electronic funds transfer at the point of sale (EFTPOS) which will enable retail stores to direct their customers' accounts on-line.

Hitherto, the spotlight has been focused almost entirely on the technological problems of electronic funds transfer. What is only gradually coming to be realised is that EFT poses a number of complex legal issues which cannot readily be resolved within the existing framework of law governing the discharge of money obligations.

To start with, there is no document embodying the payment instruction or undertaking. A cheque or bill of exchange represents a promise or order to pay in a paper writing signed by the drawer and delivered to the payee. An electronically communicated payment message flashes from one screen to another and then disappears into storage in more permanent form. What evidence will the court require to show that the resulting print-out accurately reflects the message that was transmitted? Will an electronic code be treated as the equivalent of a signature? How will the message itself be authenticated?

Then there is the question of revocation of a payment instruction. A bill or cheque is put in issue by delivery to the payee. Once delivered, the instrument cannot be recalled and the drawer is committed unless he has a good reason in law for stopping payment. But there is no legislation or case law which tells us at what moment the initiator of a payment message loses the right to cancel his payment instruction if it is sent by magnetic media or by on-line electronic transmission. Does the payment message become irrevocable when transmitted, when received or when acted upon?

If a bank, in compliance with a payment instruction from another institution, credits its customer's account, and the instructing institution becomes insolvent without having remitted funds, is the resulting loss to be borne by the bank or by its customer? The latter question may be particularly relevant in an inter-bank payment system where messages are batched off-line through a central clearing, for the sorting process is typically completed overnight and it is only when the print-out emerges the following morning that a bank who has acted on a payment instruction from another bank will have an accurate picture of the state of its correspondent's account. This problem was highlighted by the collapse of the Herstatt Bank some ten years ago, when several banks with whom Herstatt had an account, made payments at its request believing its account to be in credit and discovered too late that at the time the payment was made Herstatt was already substantially overdrawn, so that there were no funds to cover the transfer. Even in systems adopting same-day settlement, such as Chips in New York, the "daylight exposure" is potentially enormous, and in order to deal with it the banks have had to introduce complicated procedures to set limits for their correspondents, with automatic rejection of payment messages which would take the recipient bank's exposure above the agreed limit.

A further complex of problems arises in connection with the allocation of risk for systems malfunction, error and fraud. When the banking community establishes an electronic payment system, customers will expect this to provide an assurance of timely and accurate transmissions, a security package effective against unauthorised access, use or interference and an adequate procedure for the rectification of errors and the resolution of disputes. The customer for his part will be expected to observe the system rules and to take reasonable precautions on his own behalf. But no system is perfect; errors and breakdowns are bound to occur, and invasion of the system by unauthorised outsiders cannot be wholly prevented, merely made difficult. Whatever form the rules take—whether they be embodied in a statute, a contract or a code of practice — they must provide a reasonable distribution of risks.

Security of the system is of the utmost importance. The recipient of a payment message will need to be assured that the initiator was a duly authorised person and that the message has not been altered in the course of transmission. Access to the system will have to be stringently controlled, and this covers not only operating staff but components suppliers, servicing agents and computer hacks. Back-up systems to cover the risk of failure or delay are essential. Huge sums are sent through the banking system daily in discharge of liabilities under contracts where the time of payment is of the essence. If a bank processing the payment of hire for a charterer under a charterparty fails to get the funds transfer through in time, its customer may be faced with withdrawal of the chartered vessel and substantial losses, which he may then seek to recoup from his bank.

The possibility of fraud presents a major problem in electronic funds transfer systems. First, there is the relatively small fraud which can be perpetrated by a relatively large number of people. Secondly—and this is potentially more serious—there is the prospect of large-scale fraud by invasion of the system from within the banking organisation.

These issues concern both business customers and consumers. In the US, Congress acted promptly to protect the consumer by enacting in 1978 the Electronic Funds Transfer Act, which lays down detailed rules as to transaction records, correction of billing errors, restrictions on the consumer's liability for unauthorised use of his card and the like. But the position of the business user remains governed by rules of law ill-suited to an electronic age. The United Nations Commission on International Trade Law considered the subject of sufficient importance to justify major examination, and an UNCITRAL Working Party has been studying the legal aspects of EFT for some years, though no definitive report has yet emerged. A parallel exercise has been undertaken by the Economic Commission for Europe in relation to the electronic transmission of trade data, with a view to reducing the dependence on shipping documents and the delay and expense which their use entails.

The legal implications of EFT formed the subject of the third annual seminar held jointly by the Institute of Bankers and the Centre for Commercial Law Studies, when leading experts in banking and banking law came together to discuss detailed papers presented on the issues described above. The resulting publication* will, it is hoped, help to promote informed debate by identifying the characteristics of electronic funds transfer systems, the legal problems that may be expected to arise and the areas of concern of which account will need to be taken.

Meanwhile, three comments may be offered. First, no changes in law should be contemplated until the systems are fully operational and there has been a substantial experience of their workings. Second, the banking community should seek to formulate, publish and adopt by contract rules which fairly balance the interests of the various parties. The ICC's highly successful Uniform Customs and Practice for Documentary Credits shows how much can be achieved, and in a flexible manner, by rules devised by the bankers themselves and given effect by incorporation into all relevant contracts. Third, special rules will be needed for the protection of consumers. These are best provided in the first instance by a code of practice agreed with the Office of Fair Trading. If successful, this would obviate the need to superimpose a further body of legislation on the already complex network of regulations created by the Consumer Credit Act.

The challenge of EFT is upon us; we must equip ourselves to meet it.

* *Electronic Banking: The Legal Implications* (ed. R. M. Goode), published by the Institute of Bankers and the Centre for Commercial Law Studies, £11.95.

APPOINTMENTS

Managing director for BP Solar International

Mr Ian Crutchfield has been appointed managing director of BP SOLAR INTERNATIONAL. He was manager, venture project development, for BP Ventures. BP Solar International is a new free-standing BP Venture company which will run BP's remote area power system activities. These presently comprise manufacturing plant in the UK, Spain and Australia and the marketing of photovoltaic modules and systems worldwide.

★

Mr Peter Mitchell has been appointed finance director of LONDIS (HOLDINGS). He was finance director of Richard Shops and before that with John Myers and Co, the mail-order subsidiary of the UDS Group.

★

Mr Keith Stetzel and **Mr Duncan Ord-Hume** have been appointed directors of NASCO INSURANCE BROKERS, Lloyd's brokers.

★

Mr Peter Detre has been appointed to the board of JULIANA'S HOLDINGS as director of operations.

★

Mr Alan Outten has succeeded **Mr Glyn Jenkins** as vice chairman of the EQUIPMENT LEASING ASSOCIATION. He is director of corporate development at Forward Trust Group.

★

Mr Alastair Cunningham has joined AWARDBOND HOLDINGS as marketing director. He was previously with Anthony Gibbs in Bristol.

★

HEART OF ENGLAND BUILDING SOCIETY has appointed **Mr Charles MacIntyre** a director from December 1. He is currently deputy general manager and will continue in this executive office.

★

Mr Clive Banks has been appointed managing director of ISLAND RECORDS from January 1. He joins after running his own promotion, management and publishing companies, Modern Media and Multi Media. Mr Banks replaces **Mr Dave Robinson**, who left in August to concentrate on running his own company, Stiff Records.

★

Mr Raymond Leonard Barker has joined AVON INDUSTRIAL POLYMERS as director of quality assurance. He was with Westinghouse Brake and Signal Co. as quality assurance manager.

★

BRITISH FERRIES, owners of Sealink UK, the ferry and harbours company which was privatised in July 1984, has appointed **Mr Charles Lenox-Conyngham** as chairman and chief executive of Sealink UK and director of British Ferries. Mr Lenox-Conyngham will take up his new assignment on December 2. Mr Lenox-Conyngham spent most of his career with Ocean Transport & Trading which he joined in 1960 as a graduate trainee. He served initially in Singapore and Australia and was made managing director of the Blue Funnel Line in 1970. He became managing director of the ocean marine division in 1979. British Ferries is a wholly-owned subsidiary of Sea Containers.

★

Mr Brian J. Goggin has been appointed to the newly-created position of senior manager—corporate banking, based in the BANK OF IRELAND'S London office. He will also advise companies contemplating investment decisions in either Britain or Ireland. Mr Goggin was previously based in head office Dublin as a lending manager in the corporate banking division.

★

Mr Ray Brookman, who recently retired as a partner of Charles Taylor & Co (managers of the Standard P. & I. Association Bermuda) has joined BOWRING MARINE INSURANCE BROKERS, as a consultant.

★

Mr M. D. Beggs and **Mr M. D. Ness** will join BROWN SHIPLEY & CO on December 1 and January 1 respectively; they will both become directors of Brown Shipley Investment Management, Brown Shipley Asset Management and Brown Shipley Fund Management.

★

DAVID GARRICK has appointed two additional directors: **Mr Roger Brown** who will be responsible for merger and acquisition activities in the consumer goods sector and **Mr John Polmear** who will look after the engineering, DIY and print sectors.

★

Mr Arthur Harris, Mr Charles R. Kerr and **Mr Stuart J. Scott** have been admitted to the partnership of CAWOOD, SMITHIE & CO, stockbrokers.

★

Two new directors have been appointed to the board of HAZEL GROVE MUSIC COMPANY. General manager **Mr John Sissons** has been appointed director of manufacturing. **Mr John Crocker**, financial controller, has become director and company secretary.

★

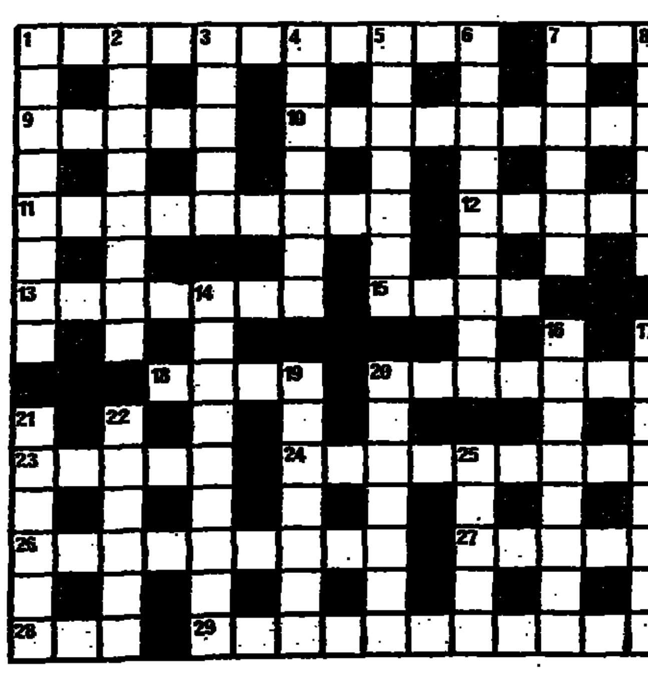
VALID LOGIC SYSTEMS has appointed **Mr Kenneth B. Fine** as president. He assumes the presidency from **Mr C. Richard Moore**, who has resigned to pursue personal interests. Prior to joining Valid Mr Fine was general manager of the microprocessor division of Intel Corporation.

★

Mr John Adamson has been appointed finance manager and company secretary of SIMON-SOLITEC, Gloucester (a Simon Engineering company). He was formerly with the Dowty Group.

Mr R. A. Goodwin has been appointed an assistant director of HAMBROS BANK in the commercial banking division.

FT CROSSWORD PUZZLE No 5,885



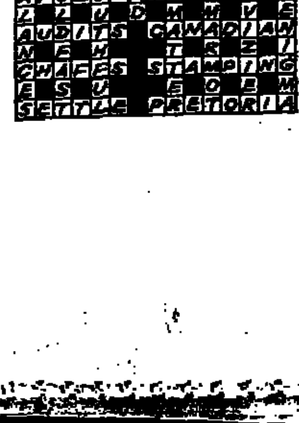
ACROSS

1 Authorised nurse must accept this offer (5, 6)
7 Doctor's bag? (3)
9 Alliance celebration (5)
10 Sappers with special detail for this operation? . . . (9)
11 . . . in this, their main craft (9)
12 Newly-accoutred in Imperial style? (5)
13 Sitting-bower? (7)
15 Smallest branch to catch on (4)
18 Prison disturbance (4)
20 Pineapple given new ending in the West Indies (7)
23 Couch's collection of poems (5)
24 Old Bill's best friend? (6-3)
26 Mandarin in a loose jacket (9)
27 Place to stay to see Orcadian tidal-race (5)
28 Long grass, novel place for catcher (3)
29 Do wee pastry turnover—use this ingredient (5-6)

DOWN

1 It provides colour from Speaker's Corner to Bow (8)
2 When royal egg is cooked, this drains off water (8)
3 To preserve, put in dock (3, 2)
4 Condition of eavesdropper if within this range? (7)
5 Run on grass? This dampens vibrations (7)
6 Abstruse one, direct in another way (9)
7 School chemistry has a bad reputation (6)
8 Country producing calcium and a variant (6)
14 Earnestly describing decimals, see! (9)
16 Sort of droll and genial host (8)
17 The changing of the guard, relatively speaking (8)
19 Hay Wain, Mk II? (7)
20 Librettist and soldier getting treble up (almost) (7)
21 He could have set features at work (6)
22 A meeting-place in Broad Street (6)
25 Vehicle repair load (5)

Solution to Puzzle No 5,884



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth 0345 717373

	Bid Price	Offer Price	+ or −	Yield Gross
High Income				
Gilts & Fixed Int.	113.5	119.8	+0.4	10.08
High Inc Equity	78.5	83.5xd	−0.3	5.93
Worldwide Bond	154.3	165.3xd	−0.1	5.07
Capital Growth				
American Growth	132.9	141.3	+0.1	2.83
Asian Pacific	44.8	48.4	−0.5	2.56
Assets & Emrgs. Tt.	82.1	87.8xd	−0.4	2.82
Capital Reserve	60.7	61.0	+0.1	—
Commodity & Engy.	64.4	69.2	−1.1	1.89
European Capital	60.2	64.0	−0.5	2.36
General	122.4	130.8	−0.8	3.35
Japan	149.2	160.4xd	−0.1	—
Mastertrust	47.7	50.7	−0.3	1.97
UK Growth Acc Units	107.7	115.5	−0.7	—
UK Growth Dist	75.5	80.9xd	−0.4	1.9
U.S. Emerging Co's	51.3	55.4xd	—	0.47
Equities Prog.	174.0	186.0xd	−0.8	3.48

Aitken Hume
30 City Road, London EC1Y 2AV 01-628 6626

American Tech Fd	99.3	106.2	−0.8	—
Pacific Fd	114.0	121.9	−1.2	0.20
Secured Income Fd	146.5	156.0	......	5.50
Special Sits	169.8	180.5	−2.0	1.56
Energy Fd	28.4	30.3	−0.1	0.60
American Majors	58.9	62.9	−0.2	1.56
Small Co's Fd	32.2	34.4	−0.1	1.97
Jap. Technology	61.5	65.7	−0.2	0.10
International Income	50.8	54.3	−0.2	7.00
Exempt	457.1	489.0	—	—
UK General Fund	—	25.0	—	—

Allied Dunbar Unit Trusts PLC (a)(g)
Allied Dunbar Centre, Swindon, SN1 1EL (0793) 610366 & 28291

Balanced Trusts				
First Trust	196.5	209.5	−0.6	3.66
Growth & Inc Trust	114.7	122.3	−0.5	3.90
Capital Trust	204.1	217.6	−0.5	3.16
Balanced Trust	315.4	335.9	−1.4	3.70
Accum Trust	478.2	509.3	−2.8	2.85
Income Trusts				
American Income Tst.	27.5	29.3	−0.1	4.62
High Income Trust	207.7	221.2	−0.8	6.23
Equity Income Trust	114.0	121.4	−0.2	5.49
High Yield Trust	120.0	128.9xd	−0.3	6.38

Brown Shipley & Co Ltd (a)(g)
9-17 Perrymount Rd, Haywards Hth 0444 458144

B.S. Fund	52.7	54.7	−0.2	4.30
B.S. Accum.	83.4	89.3	−0.5	4.30
Financial	108.1	116.2	−0.3	2.08
German	25.2	26.9	−0.1	2.00
Growth Accum.	153.7	165.3	−1.0	—
Growth Income	99.3	106.8xd	−0.7	1.96
High Income	53.5	57.6	−0.4	7.12
Income	62.3	67.0xd	−0.3	5.95
North American	50.6	54.4	−0.3	1.28
Orient	50.0	53.5xd	−1.1	0.22
Recovery	29.9	31.1xd	−0.4	3.34
Technology	111.3	119.7xd	−0.4	0.76

Buckmaster Management Co Ltd (a) (c)
The Stock Exchange, London EC2P 2JT 01-588 2868

General Inc Nov 21	178.9	187.9	—	4.10
Accum Units Nov 21	278.0	292.0	—	4.10
Income Nov 27	82.9	86.9	+2.1	5.90
(Accum Units) Nov 27	142.4	149.2	+3.0	5.90
International Nov 26	100.0	105.1	—	2.80
(Accum Units) Nov 26	132.1	137.8	—	2.80
Smaller Co's Nov 15	861.0	920.1	—	2.70
(Accum Units) Nov 15	903.2	965.5	—	2.70

CS Fund Managers Limited
125 High Holborn, London WC1V 6PY 01-242 1148

CS Japan Fund	46.7	49.7	−0.5	0.03
CS Portfolio Inv. Fd.	57.3	61.0xd	−0.2	3.28

Canada Life Unit Trust Mngrs. Ltd
2-6 High St, Potters Bar, Herts. P Bar 51122

Can. Gen. Dist.	98.2	103.4	+0.6	3.16
Do. Gen Accum	152.1	160.1	—	3.16
Do. Income Dist.	67.7	71.2xd	−0.2	6.20
Do. Inc. Accum.	135.1	142.2	−0.4	6.20
Gilt & Fxd. Int. Trust	46.4	50.3	+0.1	—

Cannon Fund Managers Ltd (z)
1 Olympic Way, Wembley, HA9 0NB 01-902 8876

Growth	241.5	256.8	−1.6	3.64
Income	277.6	295.3	−1.2	5.07
Far East	124.2	132.1	−0.4	0.74
North American	113.5	120.7	−0.3	1.45

Capel (James) Mngt. Ltd
100 Old Broad St, EC2N 1BQ 01-588 6010

Capital	292.8	309.3	+4.1	2.05
Income	229.6	241.7	+4.1	5.52
North American	222.3	233.0	−4.0	1.72

Prices on Nov 20. Next dealing Nov 27.

Cater Allen Unit Tst Managers
1 King William St, EC4N 7AU 01-623 6314

Cater Allen Gilt Tst.	98.0	104.4xd	+0.1	11.43

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CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE Dlg 01-236 3885

International Growth	99.6	106.1		1.40
Income & Growth	45.7	48.7	-0.1	3.00
Special Situations	57.8	61.9	+0.5	1.50
American Growth	27.3	29.1		1.80
Japan Growth	34.6	36.8xd		..
European Growth	43.6	46.6	-0.3	2.80
UK Growth	43.8	46.8	+0.2	0.90
Pacific Growth	31.6	33.7	-0.4	2.20
High Income	29.3	31.3	-0.1	7.40
Practical Income Units	44.2	47.1	-0.2	2.70
Practical Accum. Units	79.5	84.7	-0.3	2.70

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd.	69.7	74.1	+0.1	3.32
Accum Units	103.0	109.6	+0.2	3.32
Pearl Inc.	98.5	104.8	-0.2	6.77
Pearl Unit Tst.	104.6	111.3	-0.3	3.78
(Accum. Units)	176.8	188.1	-0.4	3.78

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	205.8	220.9	-1.6	1.54
Income	153.7	164.6	-0.1	5.3
Worldwide Recovery	117.6	126.2	-1.2	2.18
American Growth	57.0	61.2	+0.2	1.1
Int'l Emerging Cos.	61.4	65.9	-0.2	0.75
Far East Growth Fd.	51.9	55.7	-0.4	1.2

Prolific Unit Trusts
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc.	47.8	50.9	+0.2	5.21
Prolific Far East	111.2	118.3	-0.9	0.18
Prolific Extra Inc.	68.3	72.4	-0.4	5.12
Prolific Convert & Gilt	84.8	89.9xd	-0.1	7.00
Prolific High Inc.	140.8	151.5xd	-0.7	4.89
Prolific Intl.	87.8	93.4	-0.2	1.50
Prolific N Amer	114.3	121.6	-0.4	2.39
Prolific Spec. Sits.	161.2	170.9	-0.8	1.42
Prolific Technology	97.7	104.0	-0.3	0.58

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc.	54.9	58.2xd	+1.0	0.20
Japan Acc.	55.0	58.3	+0.9	0.20
Worldwide Inc.	53.5	56.7	-0.3	1.85
Worldwide Acc.	54.1	57.3	-0.2	1.85
European Tst Inc.	62.5	66.2xd		1.19
European Tst Acc.	62.7	66.4		1.19
North American Inc.	48.1	51.0	-0.3	2.10
North American Acc.	48.1	51.0	-0.3	2.10
UK Equity Inc.	56.7	60.1		2.89
UK Equity Acc.	56.7	60.1		2.89

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks 0732 450161

Equity Dist.*	233.2	246.7xd		3.88
Equity Acc.*	281.2	297.5xd		3.88
Fixed Int. Dist.†	114.6	118.7xd		11.39
Fixed Int. Acc.†	168.0	174.0xd		11.39

*Prices on Nov 18. Next dealing Dec 11
†Prices on Nov 18. Next dealing Dec 4

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	94.3	100.4	-0.4	1.37
Do. Accum.	98.2	104.5	-0.5	1.37
TSB Extra Income	91.2	97.1	-0.5	5.84
Do. Accum.	105.0	111.8	-0.5	5.84
TSB General	138.6	147.5	+5.2	2.98
Do. Accum.	223.0	237.3	+6.8	2.98
TSB Gilt & Fxd Int	47.3	49.3xd	+0.1	9.07
Do. Accum.	59.4	61.9	+0.2	9.07
TSB Income	180.8	192.4xd	-0.2	4.66
Do. Accum.	277.4	295.2	-0.4	4.66
TSB Pacific	108.0	114.9	-0.8	0.62
Do. Accum.	110.7	117.8	-0.8	0.62
TSB International	239.5	254.8xd	-1.6	1.96
Do. Accum.	293.9	312.7	-1.9	1.96
TSB Natural Resources	42.8	45.6xd	-0.4	1.87
Do. Accum.	43.8	46.6	-0.3	1.87
TSB Sltd. Opps.	49.9	53.1	-0.1	2.19
Do. Accum.	54.3	57.8	-0.1	2.19

3i & Target Fund Mgrs Ltd
2 St Mary Axe, London EC3A 8BP 01-928 3356

Small Co's Fund.	65.0	69.1xd	-0.5	0.10

Target Trust Mngrs. Ltd (a)(g)
Target Hse, Gatehouse Rd, Aylesbury Bks (0296) 5941

American Eagle	65.9	70.5	+0.2	0.41
Australia	28.5	30.4	-0.5	0.10
Commodity	78.9	84.8xd	+0.6	2.74
Energy	38.6	41.3		2.48
Equity	110.4	118.1	-0.5	3.14
European Spec. Sits.	65.5	70.0	-0.7	0.63
Extra Income	95.7	102.3	+0.3	7.06
Financial	223.9	238.8	-0.2	2.13
Gilt Income	99.8	104.5xd	+0.3	8.57
Gold Income	52.7	56.4xd		2.21
Gold Acc	95.9	102.6		2.21
Income	68.1	73.3	-0.2	5.62
Japan	52.3	55.8	-0.3	0.10
Malaysia & Singapore	20.6	22.0	-0.5	1.54
Pacific Income	63.2	67.6	-1.0	0.10
Pacific Re Inv.	77.6	83.0	-1.3	0.10

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

S.G. Warburg & Co. Ltd. and subsidiaries
33 King William St, EC4R 9AS 01-280 2222

Energy Nov 26	$55.00		-0.09	
Merch Eurobond Nov 20	$18.37	18.50		8.49
Select Risk Oct 29	$20.07	21.41		1.17

39-41 Broad Street, St. Helier, Jsy. CI 0534 74715

Merc Comm Nov 26	£39.28	40.27	-0.79	1.44
Merc Trans Nov 22	$27.61	28.31		2.15
Metals Trust Nov 21	$11.50	11.78		4.85
Merc Select Nov 21	$26.05	27.32		1.78

Mercury Far Eastern Trust Ltd.

Japan Fund Nov 20	$26.07	27.38		1.38
Pacific Fund Nov 20	$25.01	26.27		1.48

Mercury Money Market Trust Ltd (r)

£ Managed Nov 27	10.44	9.94		—
U S $ Managed	19.57	20.61	-0.08	—
£ Sterling		22.22	+0.01	—
U S $		16.40	+0.01	—
D-Mark		82.77	+0.01	—
Yen		8.420	+1	—
Dutch Guilder		112.30	+0.02	—
Swiss Franc		80.23	+0.01	—

For further prices ring Dealers 0534 74715

1 Thomas St., Douglas, Isle of Man 0624 79856

Merc Intl Fund Nov 27	66.0	70.3	6.9
Merc Intl Bond	42.3	45.0	7.2

Wardley Fund Managers (Jersey) Ltd.
HK Bk. Bldg., Grenville St. St Helier 0534 71460

Wardley Gilt Fund	100.0	104.0	10.10

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong

Wardley Trust	$6.81	7.28	1.00
Wardley Nikko As. Fd.	$34.44	36.53	3.34
Wardley Bond Trust	$12.19	12.90	4.71
Wardley Japan Trust	$40.95	43.43	0.05
Wardley Pac Cap Tst	$12.70	13.43	3.06

WestAvon Secs. (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey 0481 27963

Gilt & Option Fd	£1.21	1.27	5.00
US $ Option	$1.04	1.10	—
High Income	92.0	97.0	14.80
International Growth	46.2	49.0	2.5
Japan Fund	44.2	46.9	0.50

World Bond Fund
Managers. P O Box 190, St Helier, Jersey 0534 74715

World Bond Fd NAV	$10.8914		—

Inv Adv Warburg Inv Mangt, London

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$13.86	+0.03	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$14.34	-0.03	—

Inv Adv.: M. & G. Inv Mngt. Ltd., London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$11.98	-0.01	—
Dynamic Gwth Fd	$10.81	-0.04	—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$10.15	10.75	+0.07	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01 588 1815				
Deposit	11.15		+0.05	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01 236 0952				
Call Fnd	11.81	8.82	12.45	mth
7-day Fnd	11.60	8.67	12.72	mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE 01 236 1425				
Call Fnd	11.11	8.30	12.10	6-Mth
7-day Fund	11.05	8.27	12.06	6-Mth
Dollar	6.87		—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh, EH2 4DF 031-225 8484				
Full Service Chr Acc.	11.00	8.00	11.78	Qtr
Aitken Hume 30 City Road, EC1Y 2AY 01-638 6070				
Treasury Acc.	11.00	8.22	12.11	Qtr
Min Int. Chq.	11.000	8.22	12.18	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HIBCA	11.50	8.60	12.78	mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH 01-628 8060				
Money Mkt Cheque Acc.	11.00	8.22	12.18	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.00	8.22	12.2	Qtr
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD 01-588 2777				
Cater Allen	11.00	8.22	12.20	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.13	8.32	12.34	Mth
U.S. Dollar	7.25	7.25	7.50	Mth
German Marks	4.25	4.25	4.33	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.12	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Money Market Plus		9.57	14.28	Mth
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543.				
£500-£2,500	9.50	7.10	10.41	Qtr
£2,500 +	12.06	9.02	13.33	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc.	11.00	8.22	12.11	Qtr
Edward Manson & Co Ltd 9 Henrietta Place W1M 9AG 01-631 3313				
Cheque Deposit Acc.	11.50	8.59	12.76	Mth
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	11.00	8.22	12.18	Mth
Legal & General (Money Mngrs) Ltd 355 Euston Road, NW1 3AG 01-388 3211				
High Int Dep Acc.	11.64	8.70	12.70	6-mth
Lloyds Bank PLC 71 Lombard St, London, EC3P 3BS. 01-626 1500				
HighIntCheque Account	11.25	8.25	12.16	Qtr
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	11.500	8.596	12.280	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	11.00	8.22	12.21	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8655				
High Int Chq Acc.	10.70	8.00	11.92	Qtr
£10,000 +	11.10	8.30	12.39	Qtr
Oppenheimer Money Mgmnt Ltd 66, Cannon St, EC4N 6AE. 01-236 1425				
Money Mngt. Acct.	10.875	8.13	—	3-Mth
Phillips & Drew Trust Ltd 120 Moorgate, London EC2M 6XP 01-628 9771				
High Int Chq Acc.	11.250	8.41	12.40	Qtr
Provincial Trust (formerly Choulartons) 30 Ashley Rd, Altrincham, Cheshire 061-928 9011				
Cheque Acc.	11.50	8.60	12.79	Mth
Royal Bank of Scotland plc 24 Lombard St, London EC3V 9BA 031-557 0201				
Premium Account	11.0	8.22	12.11	Qtr
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	10.70	8.00	11.89	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc.	11.24	8.40	12.38	Qtr
Money Acc.	11.03	8.25	12.15	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	11.00	8.22	12.20	Mth
Over £10,000	11.25	8.41	12.49	Mth
Western Trust & Savings Limited The Moneycentre, Plymouth PL 1SE 0752 24141				
High Int Chq Acc.	11.56	8.64	12.74	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net. actual rate after deduction of CRT. Gr Equiv CAR. Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr. frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk	35
BOC Grp	27	NEI	10
BSR	8	Nat West Bk	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	$3\frac{1}{2}$	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons	18	Turner Newall	$9\frac{1}{2}$
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	30	Samuel Props	15
GUS 'A'	78	**Oils**	
Guardian	60	Brist. Oil & Min	$3\frac{1}{2}$
GKN	20	Brit Petroleum	45
Hanson Tst.	18	Burmah Oil	27
Hawker Sidd	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

UK and Bonn differ on tin wrangle

BY PETER RIDDELL AND STEFAN WAGSTYL

THE BRITISH and West German Governments yesterday agreed to differ about their legal interpretations of government obligations to the International Tin Council, which owes hundreds of millions of pounds to banks and metal brokers.

However, at a meeting between Mr Paul Channon, the Trade Minister and Mr Otto Schlecht, a West German economics minister, there was agreement on the need for intensive efforts to arrive at a common European Community position on the matter. The ministers met in London before yesterday's British-German summit.

Meanwhile, in Brussels, the EEC commodities committee, made up of senior civil servants from member countries, was meeting late last night to discuss the month-old crisis. They were expected to consider suggestions for a common position from the European Commission. Any proposals are due to be further debated at ambassadorial level on Friday at a meeting of permanent representatives to the EEC.

The British Government has been presseing its allies for the last three weeks to follow its lead in promising to pay the tin council's debts, concentrating on West Germany as the largest tin-consumer in the European Community. So far, there has been little sign that British efforts have paid off.

The 10 EEC countries all belong to the tin council, a price pact between 22 tin producing and consuming countries which run out of money to support prices on October 24.

Ina further indication of the growing concern in Westminster on the issue the cross party Trade and Industry Committee of MPs has decided to suspend its current inquiry in order to hold an urgent investigation into the tin crisis. This will cover the events leading to the suspension of tin trading and the consequences of that, as well as the effect on tin mining in the UK.

The committee has asked anyone wanting to submit evidence to provide written evidence

Questions the courts may have to settle

BY A. H. HERMANN, LEGAL CORRESPONDENT

WHENEVER MORE than 20 people get together to carry on a business in the form of a company, association or partnership, they must register under the Company Act so that *everyone who deals with them* knows how the liabilities are apportioned between the members. This applies if 21 people get together and produce souvenirs as a village cooperative which will hardly ever incur liabilities exceeding a few thousand pounds.

If, however, 22 governments get together to carry on worldwide business in a basic commodity incurring liabilities approaching £1bn, they can be, and normally are, exempted from the duty to register and *to define their responsibilities.* Such is the case of the International Tin Council, a statutory corporation formed by 22 governments and resting on three legal instruments all of which are nebulous and two of which contradict each other.

These documents are the 6th International Tin Agreement, creating the International Tin Council, the Headquarters Agreement between the Tin Council and the UK, and the International Tin Council (Immunities and Privileges) *Order 1972. The issue which* lawyers may now be asked to resolve concerns the liability of member states for the debts of the International Tin Council and the possibility of suing them to enforce payment.

The creditors, that is the banks and LME dealers, want the governments to pay. The governments, with the exception of the British Government, are reluctant. They refuse to provide more than what they already put into the operation of the buffer stock in the form of tin, cash or specific guarantees. It would be much easier to predict the view the courts would take if the legal arguments of the two sides were known. Unfortunately, though understandably, no one is ready to reveal his arguments at this stage. It is, however, not impossible to see what some of these arguments are likely to be.

The first line of defence of the member states is likely to rely on the assertion that the manager of the buffer stock exceeded the authorisation received from member governments. Although the manager claims that he kept the members fully informed, they would argue that under Article 21 of the current 6th agreement, they authorised a buffer stock totalling not more than 50,000 tonnes and as far as the frozen stock in the preceeding 5th agreement—24,517 tonnes—is concerned, that they only authorised the Council to agree alternative rules for its liquida*tion and not to hold in in addi*tion to the authorised 50,000 tonnes.

The creditors would answer, no doubt, that they had no duty to study the agreement forming the Council and its resolutions, but were entitled to assume that the buffer stock manager is fully authorised to do business on the Council's behalf. The person dealing on behalf of a corporation within the sphere of his normal duties could be assumed by third parties to be dealing within the capacity of the corporation and to be free to bind the corporation without any limits. In respect of companies, this has been clearly provided for by Section 9(1) of the European Communities Act 1972 and the same should apply with even greater force in respect of unregistered statutory corporations where the access to internal agreements and decisions of members is much more difficult than in the case of the registered companies.

A further argument of the member states could well relate tothe responsibilities which they undertook in respect of the buffer stock under the 6th agreement. They would be likely to argue that the agreement does not provide that they meet any deficits over and above forfeiting the funds which they invested and that it only provides that deficits should be apportioned in accordance with contributions already made and deducted from whatever refunds are due to member governments.

The creditors' answer to this defence would no doubt be that the International Tin Council, in spite of the word "international" in its name, derived its legal personality solely from a UK statutory instrument and that it was nothing more and nothing less than an English statutory corporation trading in the UK under English law. Neither the Headquarters Agreement, nor the order by which it was translated into English law, speak of any limited liability. Unless limited liability is provided by statute, a partnership or association such as the ITC is a corporation with unlimited liability. That means that its members are liable for its debts jointly and severally. In other words, each and any of them can be asked to pay the entire debts, if not paid by the corporation. As to the provisions of the International Tin Agreement, these can only apportion the liabilities internally between the members, giving anyone who paid the debts the right to ask the others to refund to him their portions.

As the creditors can hardly have an interest in suing the ITC which is insolvent does not seem very important. Also, the

Lord Wilberforce—" protecting traders against politically-inspired breaches.

ITC's immunity from suit. The immunity does not apply to the enforcement of arbitration awards in disputes with UK traders.

Thus, we come to the crucial question which is whether member governments would be able to plead sovereign immunity. They would, no doubt, try and argue that the membership in the ITC was part of *their governmental activities,* that its purpose was not to make profit but to assure certain minimum prices for producers and exporters of tin, and reliability of supplies for the consumers. They will further argue that not only was their purpose of a public nature, but that also the method for achieving it, the international treaty, was in the sovereign domain.

This argument, impressive as it may sound, is extremely vulnerable in the light of the State Immunity Act 1978 which adopted the "retrictive" theory, depriving trading and commercial activity of governments of immunity and in the light of court decisions both in the UK and in other countries which define what such activity is.

The question which the courts were repeatedly asked to answer was whether the nature of the act, whether public and governmental, or private and commercial, depends on the purpose followed by the government; for example on the desire to ensure a prosperous economy by keeping the price of tin above a certain minimum, or rather on the method used namely buying and selling tin on the LME and issuing guarantees, letters of credit and warrants for the delivery of tin in the course of doing so.

Fortunately, this area of law was fully clarified by the House of Lords in *I Congresso del Partido* (1981, WLR 328). On that occasion, Lord Wilberforce said: "If immunity were to be granted the moment that any decision taken by the trading state were shown to be not commercially, but politically, inspired, the 'restrictive' theory (of sovereign immunity) would almost cease to have any content and trading relations as to state-owned ships would become impossible. It is precisely to protect private traders against politically-inspired breaches, or wrongs, that the restrictive theory allows states to be brought before a municipal court."

Lord Wilberforce could rely on a series of decisions not only in English, but also in other courts—a matter of some importance in the case of an issue which is essentially international. In the series of Nigerian cement cases, German courts adopted the same stand as the Court of Appeal in its Trendtex decision. Though the Nigerian Central Bank defaulted on its obligations for governmental and political reasons, the fact that the claim was based on a commercial letter of credit arising out of a purchase of cement deprived it of sovereign immunity. The distinction is clearly stated in a decision of the German Federal Constitutional Court in a claim against the Empire of Iran.

The decision was based on the classical pronouncement of Chief Justice Marshall in 1824 (in Bank of the United States v Planters' Bank of Georgia): "It is, we think, a sound principle, that when a government becomes a partner in any trading company, it divests itself, *so far as concerns the transactions of that company, of its sovereign* character, and takes that of a private citizen." It would be difficult to find a dictum more pertinent in the present situation.

Rubber agreement chief forecasts rise in prices

THE HEAD of the International Natural Rubber Organisation (Inro) yesterday forecast a recovery in rubber prices and voiced confidence in the viability of the International Natural Rubber Agreement (Inra), which Inro operates, reports Reuter from Abidjan.

Despite falling commodity prices and the heightening of doubts about the future of price-stabilising pacts as a result of the tin crisis, Mr Pang Soeparto, the Inro executive director, said rubber prices, in the doldrums for the last 18 months, should pick up next year.

The crisis in the tin market, though it had depressed commodities trading, was unlikely to spill into the rubber market, he said, adding: "Logically there is no reason to think that what happens in tin can substantially affect rubber."

Mr Soeparto, in Abidjan for a meeting of the International Rubber Study Group, said Inro was less exposed financially than the tin council since its buffer stock manager was not allowed to deal in the highly-volatile futures markets.

He noted the ratio of the buffer stock to commercial stocks was smaller in the case of rubber than for tin.

But rubber prices have been falling and the five-day Inro average price was yesterday quoted at 162.35 Malaysia/Singapore cents per kilo. The buffer stock manager must buy if it drops to 161 cents.

Low rubber prices have hit the revenues of the world's major rubber producers—Malaysia, Indonesia and Thailand, who are also major tin exporters.

But Mr Soeparto said the rubber market had bottomed out and forecast that higher demand in key consuming countries like the US and West Germany would boost prices.

Our commodities staff adds: Mr Soeparto's view of the threat posed to the rubber pact by the tin crisis seems a good deal less pessimistic than that of some others in the study group.

At the beginning of this week's meeting Mr John Carr, its secretary general, told delegates: "The major crisis in the affairs of the sixth International Tin Agreement will inevitably heighten criticism of all intergovernmental arrangements which aim, through economic provisions, to stabilise the prices of internationally traded commodities. Inro will not escape this."

One related problem Inro has already come up against is that banks now want government guarantees to back loans to the pact, rather than the rubber warrants they were prepared to accept previously.

National Agricultural Outlook Conference

Gloomy reflections on UK farming

BY JOHN CHERRINGTON

THE National Agricultural Outlook Conference at the Royal Agricultural Society's headquarters in Stoneleigh yesterday, provided a fitting reflection of this year's dark and gloomy summer.

Making the keynote speech, Sir Michael Franklin, Permanent Secretary to the Ministry of Agriculture, underlined the weather's effects on farming. The harvest was down 15 per cent as were the returns from other crops. And milk production was still 1 per cent below the quota set by the EEC.

Input costs — interest, wages, fuel etc—had all risen substantially, resulting in serious profit falls for cropping farmers in particular.

Dairy farmers, by contrast, appear to have stabilised their situation following the imposition of production quotas. But livestock farmers, particularly in the least favoured areas, have been very badly hit by the weather.

Overall Sir Michael said he would not be surprised if the downturn in real farming income came to more than 30 per cent in 1985.

The problems of the sectors in structural surplus would not go away, he warned. They signalled "Stop" in a number of areas, and for some a reversal of output trends might be necessary. But the UK Government thought this was best handled with price restraint rather than quantitative controls on cereals in the future.

In the long term the Permanent Secretary thought that Britain's farms, with the advantage of scale, would be able to hold their own and even increase their share of temperate food production in the EEC. He would not specify just which sectors of farmers would suffer from the price restraint policy.

Some pointers to a possible way ahead came from Mr J. N. Hardman, managing director of Associated Dairies. He outlined the changes in consumption patterns and supply now that superstore shopping had taken over.

He expressed surprise that in many temperate products, ranging from pears to bacon, his company had to buy from abroad as sufficient supplies were not available in Britain. He also noted that free-range eggs were seriously undersupplied.

The Earl of Selbourne, chairman of the Agriculture and Food Research Council, outlined the contribution fundamental research had made to farm production but emphasised that it was up to individual groups of farmers to fund their own research, now that the Government was backing out of this responsibility.

Sir Richard Butler, retiring president of the NFU, put the hard facts of the situation as farmers see them. Price restraint was bound to cause *suffering among some farmers* and such policies would have grave implications for the balance within farming, as farmers looked to switch to alternative products. There was no certainty that price cuts would increase consumption, he warned, but they could well increase output.

He emphasised that in order to contain the present trend in productivity some 450,000 hectares, say 10 per cent of all arable land, and 350,000 hectares of pasture would have to be taken out of production.

This, according to Mr R. I. Margetts of ICI, need not happen. Cereals and sugar could be used in the manufacture of industrial products. In fact his company was developing plant for that purpose. But just as his audience began to feel that all was not quite lost, he dashed its hopes again by saying that these plants would be built abroad, where prices for cereals and other crops were lower than in the EEC.

LONDON MARKETS

COFFEE futures prices bounced back yesterday following Tuesday's decline. The January position ended the day off the day's high but still £27 up on balance at £1,867.50 a tonne. Concern about prospects for Brazil's drought-hit crop remained the main feature, though there were further reports of rain in the country's coffee belt. In contrast cocoa prices moved lower reflecting the renewed firmness of sterling against the dollar. The December futures position closed at £1,664.50 a tonne, down £12 on the day. On the London Metal Exchange the currency factor encouraged a continuation of the bear trend in copper and prices moved to two-year lows at on stage. But they recovered a few pounds with the cash quotation ending £8.75 down on the day at £934.50 a tonne. Cash zinc continued this week's fall and the cash position closed £7 down at £414.50 a tonne. The lower trend in oil prices continued to influence the gas oil futures market where the January position added $6 to Tuesday's $5.25 decline at $267 a tonne.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	651.2	—2	648.5 648
3 months	674.5	—2.75	678 670

Official closing (am): Cash 647.5-8 (669.5), three months 671-.5 (692.5-3), settlement 648 (669.5). Final Kerb close: 674-4.5

Turnover: 21,125 tonnes.

US MARKETS

PRECIOUS METALS came under pressure in response to long liquidation ahead of first notice day along with price weakness in the energy complex, reports Heinold Commodities. Copper firmed after early losses as sterling recovered and attracted arbitrage buying. Aluminium weakened on scattered trade selling. Sugar recovered as fresh speculative interest emerged amid uncertainty over Cuban crop prospects. Cocoa weakened on follow-through selling linked to the pick-up in Bahia arrivals. Good roaster buying helped support coffee values. Cotton lost ground on long liquidation linked to technical indications and a build-up in exchange stocks.

NEW YORK

ALUMINIUM 40,000 lb. cents/lb

	Close	High	Low	Prev
Dec	43.50	43.60	43.40	43.85
Jan	43.90	—	—	44.25
March	44 65	4.80	44.55	45.00
May	45.40	—	—	45.80
July	46.15	46.40	46.40	46.60
Sept	46.90	—	—	47.35
Dec	48.00	—	—	48.45
Jan	48 35	—	—	48 80

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar hits 2½-year low

The dollar maintained a weaker trend in quiet foreign exchange trading. The US trade deficit of $11.45bn in October, compared with a record $15.55bn in September, was better than expected, but failed to have any beneficial impact as far as the dollar was concerned. Attention remained fixed on recent signs of sluggish growth in the US economy, including Tuesday's figure on durable goods orders, but market volume was limited ahead of today's Thanksgiving Day holiday in the US and as the end of the month approached. Dealers were reluctant to run positions through the US holiday period, but this did not appear to increase demand for the dollar, while the failure of the dollar to recover on the trade figures encouraged the weaker trend.

The dollar fell to its lowest level against the D-mark since July 1 1983, at DM 2.5420, compared with DM 2.5490 on Tuesday. It also declined to FFr 7.7450 from FFr 7.765 and to SFr 2.09 from SFr 2.0910, but was unchanged at Y201.

On Bank of England figures the dollar's index was unchanged at 126.9.

STERLING — Trading range against the dollar in 1985 is 1.4740 to 1.0525. October average 1.4217. Exchange rate index rose 0.2 to 80.7, after trading very steadily between 80.6 and 80.7 throughout.

Sterling had a slightly nervous undertone, showing small mixed changes, but continuing to advance against the dollar. The pound gaind 35 points to $1.4735-1.4745, the highest closing level since March 1984. It also rose to SFr 3.08 from SFr 3.0750 and Y296.25 from Y295.50, but was unchanged at DM 3.7475, and fell to FFr 11.4150 from FFr 11.4225. High London interest rates remained the main factor underpinning sterling, while any nervousness centred around oil prices.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.5420. October average 2.6443. Exchange rate index 128.7, against 121.5 six months ago.

The D-mark was slightly stronger against the dollar, and the fixing level for the US currency in Frankfurt was the lowest since March 14 1984. The Bundesbank did not intervene when the dollar was fixed at DM 2.5495, compared with DM 2.5689 previously. This was the tenth consecutive fixing session that the German central bank did not intervene, but Mr Helmut Schlesinger, vice president of the Bundesbank, strongly rejected criticism from the US about the role played by Germany since the Group of Five agreement on September 22. In a speech in West Berlin Mr Schlesinger said the Bundesbank may have intervened on a smaller scale than some of its partners in the agreement, but believed it had been just as effective. He and Mr Gerhard Stoletenberg, the German finance minister, in a speech to parliament, rejected calls for a more expansive monetary policy, urging the US to tackle its current account and budget deficits. At the Frankfurt close the dollar had fallen to DM 2.5545 from DM 2.5570.

£ IN NEW YORK

	Nov. 27	Prev. close
£ Spot	$1.4700-1.4715	$1.4715-1.4725
1 month	0.45-0.40pm	0.44-0.42 pm
3 months	1.24-1.20pm	1.22-1.19 pm
12 months	3.85-3.75pm	3.82-3.75 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT — FORWARD AGAINST POUND

Nov 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4630-1.4750	1.4735-1.4745	0.44-0.41c pm	3.46	1.20-1.17pm	3.22
Canada	2.0204-2.0327	2.0311-2.0341	0.47-0.38c pm	2.52	1.21-1.10pm	2.28
Nethlnd.	4.20¾-4.22¼	4.20¾-4.21½	2¼-2c pm	5.87	5⅞-5½pm	5.46
Belgium	75.70-76.05	75.95-76.05	22-18c pm	3.17	58-51pm	2.88
Denmark	13.53¼-13.56¼	13.54½-13.55½	3½-2½ore pm	2.86	8½-7pm	2.27
Ireland	1.2100-1.2136	1.2115-1.2125	0.24-0.10p pm	1.68	0.45-0.26pm	1.17
W. Ger.	3.74-3.75¼	3.74¼-3.75¼	2¼-2¼pf pm	7.41	6¼-6¼pm	6.61
Portugal	235.85-240.47	235.89-240.47	140-435c dis	−14.50	580-1380dis	−15.47
Spain	230.73-231.48	231.03-231.48	45-85c dis	−3.38	218-325dis	−4.64
Italy	2,528-2,538¾	2,530-2,531	1-6 lire dis	−1.86	10-16dis	−2.06
Norway	11.20¾-11.28½	11.24½-11.25½	¼-1ore dis	−0.66	2½-3½dis	−1.06
France	11.39¾-11.42¼	11.41-11.42	2⅞-2⅜c pm	2.78	6½-5¾pm	2.12
Sweden	11.28¼-11.32½	11.31¼-11.32¼	1½-2¼ore dis	−1.99	4½-5dis	−1.64
Japan	294½-296¼	295¼-296¼	1.00-0.80y pm	3.66	2.80-2.60pm	3.65
Austria	26.27-26.33	26.28-26.32	13¼-12gro pm	5.77	38½-32½pm	5.28
Switz.	3.07-3.08½	3.07½-3.08½	2¼-2¼c pm	8.53	5¾-5½pm	7.15

Belgian rate is for convertible francs. Financial franc 76.15-76.25. Six-month forward dollar 2.16-2.11c pm, 12-month 3.75-3.80c pm.

DOLLAR SPOT — FORWARD AGAINST DOLLAR

Nov 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4630-1.4750	1.4735-1.4745	0.44-0.41c pm	3.46	1.20-1.17pm	3.22
Ireland†	1.2073-1.2185	1.2170-1.2185	0.23-0.13c pm	1.78	0.70-0.55pm	2.05
Canada	1.3768-1.3787	1.3779-1.3784	0.10-0.12c dis	−0.96	0.31-0.35dis	−0.96
Nethlnd.	2.8550-2.8785	2.8565-2.8575	0.61-0.58c pm	2.48	1.64-1.60pm	2.23
Belgium	51.40-51.75	51.50-51.60	1-2½c dis	−0.41	4-6dis	−0.39
Denmark	9.18¾-9.25½	9.19-9.19½	¼-¾ore dis	−0.65	2-2½dis	−0.98
W. Ger.	2.5370-2.5590	2.5415-2.5425	0.82-0.77pf pm	3.74	2.20-2.15pm	3.41
Portugal	160¼-162¼	160¼-161¼	175-375c dis	−20.50	550-1160dis	−21.12
Spain	156½-158	156¾-157	80-110c dis	−7.24	285-335dis	−7.88
Italy	1,716-1,728½	1,716½-1,717½	7-8¼ lire dis	−5.31	23-24dis	−5.45
Norway	7.63-7.67	7.63-7.63½	2½-2½ore dis	−4.12	8-8½dis	−4.31
France	7.74-7.79¼	7.74½-7.74¾	0.35-0.45c dis	−0.62	2.00-2.25dis	−1.09
Sweden	7.67-7.71¼	7.67½-7.68	3¼-3½ore dis	−5.26	9¼-9½dis	−4.87
Japan	200.75-201.70	200.95-201.05	0.07-0.01y pm	0.24	0.24-0.18pm	0.42
Austria	17.82-17.98	17.83-17.87	3 2¼gro pm	1.76	9-8½pm	1.73
Switz.	2.0860-2.1000	2.0895-2.0905	0.88-0.83c pm	4.90	2.13-2.08pm	4.02

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 51.65-51.75.

EXCHANGE CROSS RATES

Nov. 27	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.474	3.748	296.3	11.42	3.080	4.210	2531.	2.035	76.00
$	0.678	1.	2.542	201.0	7.745	2.090	2.857	1717.	1.378	51.55
DM	0.267	0.393	1.	79.05	3.045	0.822	1.123	675.3	0.543	20.28
YEN	3.376	4.976	12.65	1000.	38.53	10.40	14.21	8542.	6.861	256.5
F Fr.	0.876	1.291	3.283	259.5	10.	2.698	3.680	2217.	1.781	66.58
S Fr.	0.325	0.479	1.217	96.19	3.706	1.	1.367	821.6	0.660	24.68
H Fl.	0.238	0.350	0.890	70.37	2.711	0.733	1.	601.3	0.483	18.05
Lira	0.395	0.582	1.481	117.1	4.511	1.217	1.664	1000.	0.803	30.03
C $	0.492	0.725	1.844	145.7	5.616	1.515	2.071	1245.	1.	37.39
B Fr.	1.316	1.939	4.931	389.8	15.03	4.053	5.539	3330.	2.674	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Nov. 27	Short term	7 Days notice	Month	Three Months	Six Months	One Year
Sterling	11¾-11⅞	11¾-11⅞	11⅝-11¾	11⅝-11¾	11⅝-11¾	11½-11⅝
U.S. Dollar	7¾-7⅞	8⅛-8¼	8⅛-8¼	8⅛-8¼	8⅛-8¼	8¼-8⅜
Can Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	5½-5¾	5¼-5⅜	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	18½-19½	8⅝-8⅞	3⅝-3½	4⅛ 4¼	4⅛ 4¼	4⅛ 4¼
Deutschmrk	4⅝-4¾	4½ 4⅝	4½-4⅝	4⅝ 4¾	4⅝ 4¾	4⅞-5
Fr. Franc	8⅛ 8⅜	8⅛ 8⅜	8¾ 8⅞	9⅛ 9¼	9¾-10⅛	10-10⅛
Italian Lire	11-15	13-15½	13½-14½	13⅝-14⅛	13⅝-14⅛	13¾-14⅛
B.Fr.(Fin)	—	8½-8¾	8½-8¾	8½-8¾	8½-8¾	8½-8¾
Br.Fr(Con)	—	8½-8¾	8½-8¾	8½ 8¾	8½ 8¾	8½-8¾
Yen	8⅛ 8¼	8⅛-8¼	8⅛ 8¼	7¾-7⅞	7⅛ 7¼	7⅛-7¼
D. Krone	8⅝-9⅛	8¾-9¼	9-9½	9-9½	9 9½	9¼-9¾
Asian $ (Sng)	8⅛-8¼	8⅛-8¼	8⅛-8¼	8⅛-8¼	8⅛-8¼	8⅛-8¼

Long-term Eurodollars: two years 8¾-9 per cent; three years 9¼-9½ per cent; four years 9½-9¾ per cent; five years 9[11/16]-9[15/16] per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

CURRENCY MOVEMENTS

Nov. 27	Bank of England Index	Morgan Guaranty Change %
Sterling	80.7	−9.7
U.S. dollar	126.9	+15.4
Canadian dollar	82.3	−10.1
Austrian schilling	119.6	+5.3
Belgian franc	92.6	−9.5
Danish Kroner	92.5	−3.3
Deutsche mark	128.7	+10.2
Swiss franc	152.4	+15.4
Guilder	119.2	+5.9
French franc	69.1	−12.2
Lira	44.8	−19.7
Yen	176.8	+30.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Nov. 27	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.741385	0.589959
U.S.$	7½	1.08902	0.866369
Canadian $	8.98	*	1.19342
Austria Sch.	4	19.5141	15.5255
Belgian Fr.	8¾	56.1934	44.7090
Danish Kr	7	10.0435	7.99312
D mark	4	2.77646	2.20967
Guilder	5	3.12440	2.48605
French Fr	9½	8.45169	6.73542
Lira	15½	1877.20	1493.40
Yen	5	218.784	174.313
Norway Kr.	8	8.33209	6.62556
Span'h Pta.	—	171.408	136.366
Swedish K.	10½	8.37620	6.67234
Swiss Fr.	4	2.27825	1.81308
Greek Dr'ch	20½	164.213	130.415
Irish Punt	—	n/a	0.714531

* C$/SDR rate for Nov 26: 1.49688.

OTHER CURRENCIES

Nov. 27	£	$
Arg'tina	1.1735-1.1755	0.8000-0.8010
Aus'alia	2.1325-2.1365	1.4540-1.4556
Brazil	13,491-13,567	9,200-9,245
Finland	8.0520-8.0650	5.4920-5.4940
Greece	219.02-223.65	149.19-152.31
H'kong	11.4350-11.4600	7.8000-7.8020
Iran	123.0*	85.10*
Kuwait	0.4250-0.4255	0.28880-0.29000
Lux'bourg	75.85-76.95	51.50-51.60
Malaysia	3.5460-3.5565	2.4215-2.4225
N Zealand	2.5355-2.5485	1.7315-1.7350
Saudi Ar.	5.3530-5.3630	3.6515-3.6518
Sin'pore	3.0675-3.0740	2.0920-2.0940
S.Af.(Cm)	3.8795-3.9105	2.6455-2.6555
S.Af.(Fn)	[illegible]	[illegible]
U.A.E.	5.3855-5.3935	3.6720-3.6730

* Selling rate.

FUTURES AND OPTIONS

Dollar contracts ease

Euro-dollar prices olst ground in the London International Financial Futures Exchange yesterday. Values opened on a weaker note as dealers reasessed October's sharp fall in US durable goods orders, suggesting that the figures were not as bad as had been thought initially after excluding Government defense spending.

There was also some nervousnes ahead of the latest five year note auction. Consequently trading was rather subdued during the morning and the dollar's continued weakness gave rise to suggestions that the Federal authorities were unlikely to take the opportunity of cutting the discount rate just yet. Volume picked up a little after the opening of Chicago although today's public holiday again restricted volume.

News of a better than expected US trade deficit of $11.45bn pushed values to the day's lows although prices finished above the worst after finding support at the lower levels. The March price opened at 91.95 and touched a low of 91.83. It closed at 91.97, its best level of the day but down from 91.98 on Tuesday. US bond futures followed much the same pattern, opening at 80-26 from December delivery and touching a low of 80-18 before closing at 80-29 compared with 80-30 previously.

The December gilt price opened at 113-02 up from 112-28 and touched a best level of 113-04 before finishing at 112-31. Three-month sterling deposits for March delivery rose to 89.17 from 89.15 although trading in all contracts was confined to a relatively narrow range.

STERLING INDEX

	Nov 27	Previous
8.30 am	80.7	80.5
9.00 am	80.7	80.5
10.00 am	80.7	80.5
11.00 am	80.7	80.4
Noon	80.7	80.5
1.00 pm	80.6	80.4
2.00 pm	80.6	80.3
3.00 pm	80.6	80.5
4.00 pm	80.7	80.5

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4740	1.4698	1.4622	1.4527	1.4373

IMM—STERLING $e per £

	Latest	High	Low	Prev
Dec	1.4655	1.4675	1.4670	1.4700
March	1.4535	1.4585	1.4505	1.4590
June	1.4440	1.4440	1.4440	1.4490
Sept	—	—	—	1.2605
Dec	1.4255	1.4455	1.4255	1.4480

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4686	1.4684	1.4625	1.4660
March	1.4570	1.4555	1.4539	1.4535
June	1.4475	1.4450	1.4440	1.4450

Previous day's open int 4,021 (4,025)

LIFFE—DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3934	0.3936	0.3918	0.3933
March	0.3967	0.3962	0.3962	0.3965
June	0.3999	—	—	0.3996

Estimated volume 67 (15)
Previous day's open int 251 (250)

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu November 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.7090	−0.27	+0.59	±1.5425
Danish Krone	8.12857	7.99312	−1.67	−0.81	±1.6421
German D-mark	2.23840	2.20967	−1.28	−0.42	±1.1455
French Franc	6.86402	6.73342	−1.90	−1.04	±1.3654
Dutch Guilder	2.52208	2.48605	−1.43	−0.57	±1.5162
Irish Punt	0.724578	0.714531	−1.39	−0.53	±1.6673
Italian Lira	1520.60	1493.40	−1.79	−1.65	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	112-31	113-04	112-22	112-28
March	113-09	113-10	112-29	113-03
June	—	—	—	—
Sept	112-09	—	—	112-03

Estimated volume 6,745 (5,898)
Previous day's open int 8,394 (8,456)
Basis quote (clean cash price of 13½% Treasury 2004-08 less equivalent price of near futures contract) −4 to +6 (32nds).

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

	Close	High	Low	Prev
Dec	97-36	97-44	97-30	97-39
March	97-55	97-56	97-50	97-54

Estimated volume 1,145 (580)
Previous day's open int 1,566 (1,702)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
Dec	88.59	88.60	88.57	88.60
March	89.17	89.17	89.13	89.15
June	89.51	89.51	89.46	89.48
Sept	89.64	89.65	89.60	89.63
Dec	89.57	89.58	89.50	89.57

Estimated volume 1,480 (1,887)
Previous day's open int 7,406 (7,070)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Dec	143.55	144.00	143.00	143.20
March	144.75	144.65	144.60	144.25

Estimated volume 320 (664)
Previous day's open int 2,108 (2,034)

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	91.97	91.97	91.94	92.00
March	91.97	91.97	91.92	91.98
June	91.78	91.76	91.72	91.78
Sept	91.46	91.45	91.42	91.46
Dec	91.14	91.14	91.13	91.14

Estimated volume 3,088 (5,056)
Previous day's open int 21,382 (21,196)

LIFFE—EURODOLLAR OPTIONS $1m points of 100%

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
90.00	1.97	1.97	1.78	—	0.00	0.00	0.02	—
90.50	1.47	1.48	1.31	—	0.00	0.01	0.05	—
91.00	0.97	1.00	0.89	—	0.00	0.03	0.09	—
91.50	0.47	0.57	0.53	—	0.00	0.10	0.27	—
92.00	0.09	0.25	0.27	50	0.12	0.28	0.51	—
92.50	0.00	0.07	0.11	—	0.53	0.60	0.85	—
93.00	0.00	0.01	—	—	1.03	1.04	—	—

Previous day's open int. Calls 3,072, Puts 3,333

LIFFE £/$ OPTIONS £25,000 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	27.19	27.19	27.19	—	0.00	0.01	0.18	—
1.25	22.19	22.19	22.19	—	0.00	0.03	0.48	—
1.30	17.19	17.19	17.19	—	0.00	0.25	1.07	—
1.35	12.19	12.19	12.19	—	0.00	0.78	2.12	—
1.40	7.19	7.62	8.51	1	0.06	1.82	3.76	80
1.45	2.65	4.59	5.81	120	0.81	3.89	5.06	111
1.50	0.48	2.49	3.77	351	3.84	6.79	9.02	15

Previous day's open int. Calls 9,704, Puts 17,273

LONDON SE £/$ OPTIONS £12,500 (cents per £1)

Strike price	Calls—Last Dec	Jan	Feb	Vol	Puts—Last Dec	Jan	Feb	Vol
1.20	25.85	—	—	—	—	—	—	—
1.25	21.85	—	—	—	—	—	—	—
1.30	16.85	—	—	—	—	—	—	—
1.35	11.90	11.90	12.00	—	0.10	—	—	—
1.40	6.80	6.90	7.20	33	0.20	0.55	1.00	2
1.45	2.35	3.10	3.80	22	0.95	1.95	3.10	11
1.50	0.45	0.95	1.80	18	3.85	4.90	6.00	1

Previous day's open int. Calls n.a., Puts n.a.

PHILADELPHIA SE £/$ OPTIONS £12,500 (cents per £1)

Strike price	Calls—Last Dec	Jan	Feb	Vol	Puts—Last Dec	Jan	Feb	Vol
1.20	—	—	—	—	—	—	—	—
1.25	—	—	—	—	—	—	—	—
1.30	—	—	—	—	—	—	—	—
1.35	—	—	—	—	—	—	—	—
1.40	6.50	—	—	186	0.10	—	—	—
1.45	2.30	2.90	—	3	0.80	—	—	175
1.50	0.40	1.00	—	141	—	—	—	100

Previous day's open int. Calls 70,450, Puts 49,129

US TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	80-29	80-30	80-18	80-30
March	79-24	79-22	79-13	79-22
June	78-26	—	—	78-23

Estimated volume 3,155 (5,313)
Previous day's open int 2,024 (4,187)

CHICAGO

US TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	80-25	80-29	80-19	80-26
March	79-19	79-19	79-14	79-20
June	78-20	78-20	78-14	78-20
Sept	77-21	77-22	77-18	77-23
Dec	76-25	76-25	76-25	76-29
March	76-02	76-02	76-02	76-06
June	75-14	75-14	75-13	75-17
Sept	—	—	—	—
Dec	—	—	—	74-16
March	—	—	—	74-03

US TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	92.94	92.96	92.92	92.95
March	92.94	92.96	92.90	92.96
June	92.77	92.77	92.74	92.76
Sept	—	—	—	92.48
Dec	92.19	92.19	92.19	92.19
March	—	—	—	91.89
June	91.64	91.64	—	91.63
Sept	91.38	91.38	—	91.37

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	92.27	92.28	92.27	92.27
March	92.25	92.25	92.23	92.26
June	—	—	—	92.02
Sept	—	—	—	91.71

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.98	91.99	91.96	91.99
March	91.95	91.96	91.91	91.95
June	91.74	91.76	91.71	91.72
Sept	91.43	91.43	91.41	91.41
Dec	91.11	91.11	91.08	91.10
March	90.81	90.81	90.79	90.79
June	90.51	90.51	90.51	90.50
Sept	90.24	90.24	—	90.23

MONEY MARKETS

UK rates unmoved by strong pound

Interest rates showed little overall change in London yesterday despite sterling's stronger performance. Trading was mostly uneventful and seemed to lack direction although there was some cautious optimism regarding the possibility of a small reduction in UK base rates before Christmas. Three-month interbank money was unchanged at 11⅝-11¾ per cent while three-month eligible bank bills were bid at 11⅛ per cent also unchanged from Tuesdays. Overnight interbank money traded at 11¾-12 per cent for most of the morning before touching a high of 13 per cent. Late balances were taken down to 11 per cent.

The Bank of England forecast a shortage of around £600m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £158m and the unwinding of previous sale and repurchase agreements a further £394m. Exchequer transactions accounted for £120m and there was a rise in the note circulation of £130m.

The forecast was revised to a shortage of around £1,150m and the Bank gave assistance in the morning of £766m, £40m through outright purchases of eligible bank bills, £10m in band 2 at 11[9/16] per cent, £15m in band 3 at 11½ per cent and £15m in band 4 at 11[7/16] per cent. It also arranged sale and repurchase agreements on £726m of bills at 11[11/16]-11¾ per cent, unwinding in equal amounts on December 2, 4 and 6. In the afternoon the Bank bought an additional £275m of eligible bank bills, £29m in band 1 at 11⅝ per cent, £207m in band 2 at 11[9/16] per cent, £12m in band 3 at 11½ per cent and £27m in band 4 at 11[7/16] per cent. Late assistance of £40m was provided, making a total of £1,081m.

In Frankfurt the Bundesbank injected further liquidity into the money market through currency swaps, the second time it has done so this week. Call money touched 5 per cent yesterday as end of month demand built up. The authorities appear to be keen to see call money nearer 4.5 per cent. There were no clear indications as to the size of the swaps. A large pension payment of about DM 10bn put a further strain on liquidity levels so that banks' reserves at the Bundesbank were DM 7.5bn below the month's target.

UK clearing banks' base lending rate 11½ per cent since July 30

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	9
Fed funds	7⅞
Fed funds at intervention	7⅞
Treasury Bills & Bonds	
One month	6.94
Two month	7.19
Three month	7.45
Six month	7.66
One year	7.88
Two year	8.55
Three year	8.77
Four year	9.03
Five year	9.24
Seven year	9.54
10 year	9.88
30 year	9.96

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov. 27)

Three months U.S. dollars		Six months U.S. dollars	
bid 8 1/16	offer 8 3/16	bid 8 1/16	offer 8 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

Nov. 27	Ov'rnig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'ntion
Frankfurt	4.75-5.00	4.55-4.65	4.75-4.85	4.75-4.85	4.75-4.90	5.5
Paris	8¾	8¾-8⅞	8¾-8⅞	8¾-8⅞	8[11/16]-8[13/16]	8¾
Zurich	15½-16½	3-3¼	—	3⅞-4⅛	—	—
Amsterdam	5½-5[11/16]	5½-5¾	—	5¾-5⅞	5⅞-6⅛	—
Tokyo	7.53125	8.15625	—	7.90625	—	—
Milan	14⅜-14¾	14½-14⅞	—	14¼-14⅝	—	—
Brussels	8.75	8½-8¾	—	8½-8¾	8⅜-8⅝	—
Dublin	9⅞-10⅛	9⅞-10⅛	10⅛-10⅜	10¼-10½	10⅜-10⅞	—

LONDON MONEY RATES

Nov. 27	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11¾-11⅞	11⅝-11⅞	11[9/16]-11[11/16]	11⅝-11¾	11[9/16]-11[11/16]	11⅛-11¼
Sterling CDs	—	—	11[9/16]-12[1/16]	11½-11½	11⅛-11¼	10[15/16]-11[1/16]
LocalAuthorityDepos	11¼-12⅛	11½	11½	11⅛	11[7/16]	11[7/16]
Local Author'y Bonds	—	—	12	11¾	11½	11¼
Discount Mkt Depos.	11-11¾	11¼-11⅝	11⅝	11[9/16]	—	—
Company Depos.	12-12⅛	11⅞-12⅛	11⅞	11¾	—	—
Finance Hse Depos	—	—	11⅝	11[9/16]	11[7/16]	11[5/16]
Treasury Bills (Buy)	—	—	11[11/32]	11[9/16]	—	—
Bank Bills (Buy)	—	—	11[9/16]	11[7/16]	10[15/16]-10¾	—
Fine Trade Bills (Buy)	—	—	11[9/16]	11¾	11[7/16]	—
Dollar CDs	—	—	7.9-8.0	7.9-8.0	7.9-8.0	8.1-8.2
SDR Linked Depos	—	—	7¾-8	7[13/16]-8[1/16]	7[15/16]-8[1/16]	7⅞-8⅛
ECU Depos	—	—	8[5/16]-8[7/16]	8[5/16]-8[7/16]	8[5/16]-8[7/16]	8⅜-8⅝

Treasury Bills (sell): one-month 11[5/16] per cent; three-months 11[7/32] per cent; Bank Bills (sell): one-month 11[13/16] per cent; three-months 11[13/32] per cent. Treasury Bills: Average tender rate at discount 11.1177 per cent. ECGD Fixed Finance Scheme IV reference rate October 2 to November 5 (inclusive): 11.609 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from November 1 1985. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (nil). Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11¾ per cent; one-three months 11¾ per cent; three-six months 11½ per cent; six-nine months 11½ per cent; nine-12 months 11¼ per cent. Under £100,000 10⅞ per cent from November 19. Deposits held under Series 5 11½ per cent. Deposits withdrawn for cash 7½ per cent.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101	99	Exch 11pc '86	100	+	11.75	11.21
99	10	Treas. 10pc Cnv 1986	99½		10.05	11.31
96	92¼	Treas 3pc 1986	96½		3.11	10.82
100	97	Exch 10½pc 1986	99¼	+	10.53	11.12
101	99¼	Treas 12pc 1986	100	–	11.94	11.10
98	94	Treas 8pc 1984-86	98		8.64	11.12
105	102	Exch 14pc 1986	102		13.67	11.08
94	87	Exch 2½pc 1986	94	–	2.64	8.32
104	101	Exch 13¼pc 1987	102		12.97	11.06
99	96	Treas 10pc Cv '87	99		10.33	10.89
93	85	Exch 2½pc 1987	93		2.69	8.53
100	96	Exch 10½pc 1987	99		10.55	10.82
95	89	Funding 6½pc '85-87	94	–	6.85	10.32
99	95	Treas 10pc 1987	98	–	10.12	10.89
91	84	Treas 3pc 1987	91	–	3.28	8.71
102	99	Treas 12pc 1987	101		11.78	10.88
95	90	Treas 7¾pc 1985-88	94	–	8.21	10.66
100	95	Exch 10½pc '88	99	–	10.56	10.78
98	93	Treas 9½pc Cv '88	97	–	9.99	10.89
87	80	Transport 3pc '78-88	87	–	3.42	8.44
97	91½	Treas 9½pc '88	96	–	9.83	10.87
102	97½	Treas 11½pc 1989	101	–	11.30	10.78
97	90	Treas 9½pc Cnv '89	96	–	9.86	10.82
84	79	Treas 3pc 1989	84	–	3.57	8.41
99	94	Treas 10½pc 1989	99	–	10.59	10.80
98	92	Exch 10pc 1989	97½	–	10.26	10.82
101	95	Exch 11pc 1989	100	–	10.94	10.87
86	79	Treas 5pc 1986-89	86		5.81	9.38
—	—	Exch 10¼pc Cv '89 (£40pd)	£98½		10.41	10.73
108	103	Treas 13pc 1990	107	–	12.09	10.65
101	96	Exch 11pc 1990	100	–	10.92	10.76
108	100	Exch 12½pc 1990	106	–	11.78	10.69
81	75	Treas 3pc 1990	81	–	3.70	8.19

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
46	34	Maclellan (P & W) 20p	46	+2	†1.7	2.3	5.3	9.5
88	46	Magnolia Group	88		2.6	3.0	4.2	10.7
60	28	Mainmet Hldgs 10p	52					
515	202	Man. Ship Can £1	487		—	—	—	184.9
120	70	Marley	118½	+½	5.5	3.5	1.6	25.6
107	52	Marling Ind. 10p	90	−2	3.75	2.2	4.5	14.3
82	36	Marshall L'xy. 'A'	72		d1.5	5.1	2.4	11.5
77	55	Marshall's Universal	73	−1	†2.4	4.9	4.8	5.2
89	78	Do 7½pcCnRedPf £1	86xd	−1	†2.0	1.4	3.9	(21.2)
£130	£81	Mathesons 7¾%	£130		Q7¾%	2.3	12.5	—
35	15	Maxiprint 1p	19		—	—	7.2	—
551	375	Metal Box £1	512xd	+4	17.25	3.0	4.8	8.1
170	110	Metal Closures	115	+3	6.7	2.0	8.3	7.2
17	3	Metal Sciences 2½p	6		—	—	—	—
104	63	Midland Marts	80xd		4.0	2.1	7.1	9.6
83½	55½	Mitchell Cotts	69½xd		4.25	2.0	8.7	(7.0)
230	182	Morgan Crucible	203		10.0	1.6	5.6	14.1
33	22	Morris (W) F.A. 20p	23		d0.5	♦	3.1	♦
131	91	Moss (Robt.) 10p	112xd		†3.0	2.7	3.8	12.4
81	60	Myson Grp 10p	65xd		g2.5	3.4	5.5	12.3
328	214	NMW Computers	295	−10	†d4.8	2.7	2.3	22.7
43	28	Nash Inds	32		†2.5	1.5	†	7.4
48	25	Neil & Spencer 10p	16	−2	—	—	—	4.8
44	14½	Newman Inds 10p	35	+2	20.3	—	1.3	(16.6)
49	26	Nolton	48	+2	1.17	8.1	3.5	4.8
216	146	Norcros	214	−2	8.6	2.2	5.7	10.7
67	45	Nu-Swift 5p	50		†3.0	1.9	8.6	8.1
114	68	Oakwood Grp	98	−2				

LEISURE—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
52	7	Eurovision Prop 5p	10		bd2.25	2.1	32.1	1.8
82	50	Fairline Boats 10p	81		†2.63	2.6	4.6	11.5
391	228	First Leisure £1	384		†6.5	2.8	2.4	17.9
69	51	GRA Group 5p	67		—	—	—	84.4
32	25	Grampian TVA 10p	28xd		†d1.67	♦	8.5	♦
175	117	HTV N/V	175		7.7	2.9	6.3	7.8
148	78	Hartner	94	+1	†4.4	3.6	6.7	4.2
140	95	Horizon Leisure 10p	98	−2	4.8	3.1	7.0	5.4
232	109	Johann's Hldgs 2p	100		†2.0	1.8	2.5	16.5
300	217	LWT	263xd	−2	14.4	♦	7.8	♦
38	25	Leisure Inv 10p	34		—	—	—	♦
65	53	Leisuretime Int 10p	62	+4	†2.1	3.9	4.8	6.6
115	98	Lesmar	102		u2.63	3.0	3.7	12.6
183	153	Media Tech Int 20p	165		g2.58	5.4	2.2	13.4
205	124	Medminster 10p	155xd		5.35	2.0	4.9	14.2
280	175	Misc World 10p	180	−5	3.6	4.1	2.9	12.3
127½	68	Nationwide Leisure	68	−1	t3.75	2.5	7.9	6.0
39	12½	Nimslo Int 20c	11½		—	—	—	—
27	19½	Owners Abroad	22½		1.0	2.2	6.3	10.2
54	36	Photax (Lon.)	46	−4	—	—	—	—
24½	18	P'dilly Radio NV 5p	20	−1	1.87	1.1	13.4	9.9
90	30	Pineapple Dnc Sr 10p	26		—	—	—	—
342	183	Pleasurama 5p	320	−3	†d4.6	3.7	2.1	19.0
161	109	Do. 7pcCvCmRedPf	157	−1	7%	—	6.4	—
96	77	Pres Entertain 50p	86		N2.0	2.1	3.3	20.4
65	18	Radio City 'A' NV	25		—	—	—	—
55	35	Radio Clyde N/V	40		3.25	2.0	11.6	5.9

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
350	117	Centennial Min'ls.	162		—	—	—
120	48	Colby Res Corp.	70		—	—	—
550	175	Cons. Murch 10c	215		Q80c	3.9	10.5
40	24	Emess Int. 10p	32		—	—	—
123	84	Greenwich Res	84		—	—	—
215	115	Hampton Areas 10p	145	−5	3.75	0.9	3.5
260	135	Highwood Res	145	−5	—	—	—
£22½	£15½	Homestake Mining $1	£16¼	−¼	Q20c	—	0.9
310	155	McFinley Red Lake	287	+2	—	—	—
335	195	Musto Explorations	275	−5	—	—	—
55	23	New Sabina Res C$1	42		—	—	—
375	195	Northgate C$1	237	+5	—	—	—
685	525	RTZ	532	−3	†20.0	2.8	5.4
£145½	£116¼	Do. 9½pcLn '95-2000	£120½	−1	Q9½%	14.0	(8.1)
980	880	Tara Expln $1	900		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ¢ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p	100		Fin. 13% 97/02	£104⅞	
Craig & Rose £1	800xd		Arnotts	225xd	
Finlay Pkg. 5p	51		CPI Hldgs.	70	+3
Holt (Jos) 25p	710		Carrol Inds	145	
IoM Stm £1	77		Dublin Gas	77	
			Hall (R. & H.)	54	
IRISH			Heiton Hldgs	29	+1
Fund 11¼% 1988	£100¼		Irish Ropes	45	
Nat. 9¾% 84/89	£95¼		Unidare	130	

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LONDON STOCK EXCHANGE

MARKET REPORT

Slow recovery gathers pace after-hours and FT equity index closes 10.4 up at 1138.9

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov 11	Nov 21	Nov 22	Dec 2
Nov 25	Dec 5	Dec 6	Dec 16
Dec 9	Dec 19	Dec 20	Jan 6

* "New-time" dealings may take place from 9.30 am two business days earlier.

Blue chip industrials slowly recovered composure in London yesterday although the damage inflicted by Tuesday's profit-taking was still apparent in some areas of the market. The Chancellor's caution on the scope and timing for taxation cuts curtailed enthusiasm initially but in the absence of any further offerings investors became slightly more responsive.

Institutional buyers were generally content to remain on the sidelines and interest tended to centre around "situation issues." Takeover candidates, either actual or rumoured, were actively traded with **English China Clays** enjoying an extended run on bid speculation; both Tarmac and Consolidated Gold Fields were mentioned as possible suitors. **United Biscuits** stormed higher late amid talk of imminent developments in the merger talks with **Imperial**, and the possibility of a US counter to any offer.

Contrary to recent trends, the equity market overall appeared reluctant to follow the lead set by Wall Street. In the first hour of business, the Dow Jones Index jumped over 14 points but leading stocks here only hardened. Late in the session, however, a flurry of activity in Stores spilled over into other sectors and the FT Ordinary Share Index more than doubled a 4 pm gain of 4 points to close 10.4 up on the day at 1138.9.

Oversubscription of the £1bn issue of new Government stock re-directed attention to recently-neglected Gilt-edged securities. The news that larger applications for the stock, **Exchequer** 10½ per cent Convertible 1989, had been scaled down at an allotment price of £98.75 injected much-needed confidence in the late morning dealings, but enthusiasm soon waned. Traders subsequently began to ponder over the large amount of stock to be digested by buyers and the tone softened. The upshot was that the market closed on a mixed note.

Tenders for Exchequer 10½ per cent 1989 below £98.75 — the minimum tender price was £98.50 — were rejected, while applications in excess of £2.5m were allotted about 38.7 per cent. One cource was said to have subscribed for around half of the £1bn issue, dealings in which begin this morning on the basis of £40-paid.

Lloyds retreat

The Brazilian Government's decision to break off negotiations with the International Monetary Fund unsettled the major clearing banks. **Lloyds**, with the greatest exposure to South American debt, fell 14 to 488p, while **NatWest** lost 9 at 698p. **Barclays** relinquished 5 at 448p as did Midland at 438p. **Mercury Securities**, meanwhile, lost 20 more to 670p, after 665p, on renewed profit-taking after Mr Saul Steinberg's recent decision to limit his shareholding in the company.

Hogg Robinson provided an isolated firm feature in an otherwise subdued Insurance sector, rising 11 to 287p on revived takeover speculation.

The drinks sector provided one of the day's features in **Distillers** which rose strongly to close 18 higher at 500p amid talk that the long-awaited bid from Argyll Group is imminent. **Allied-Lyons**, up 5 at 292p, attracted good support following the favourable Press reception given to the 21.6 per cent jump in interim profits.

Leading Building issues made an irregular showing. **Blue Circle** drifted off to close 5 cheaper at 583p, while **Tarmac**, mentioned as a possible bidder for either English China Clays or Marley, gave up 10 to 394p. On the other hand, **BPB Industries** rose 10 to 378p following comment on the excellent interim results and **Redland** hardened a penny to 348p awaiting today's half-timer. Profit-taking clipped 4 from recently-firm **RMC** at 502p.

ICI, a few pence easier initially, picked up on the reappearance of buyers to close 3 dearer on balance at 720p. Elsewhere, recently-dull **Amersham International** rallied 10 to 290p with the help of favourable press comment.

Late rumours of an impending counter bid for **British Home Stores** prompted intense activity in leading retailers after the official, 3.30 pm, "house" close. **BHS**, which announced an agreed merger with **Habitat Mothercare** on Monday, rebounded from a lower early level of 393p to end the day 18 better on balance at 415p, while **Habitat** jumped 16 to 564p, after 568p. **Burton**, depressed of late by thoughts that Habitat will not take up its option to acquire 20 per cent of Debenhams, rallied 15 to 593p. Elsewhere, **W. H. Smith "A"** were well supported and closed 20 to the good at 314p, while **Steinberg** reflected bumper interim profits with a rise of 9 to 107p.

Thorn EMI, long regarded as a possible bid candidate, moved up 20 to 434p helped by late buying interest. Other leading Electricals traded on a steadier note after the previous day's setback.

Leading Engineers ended the day with small losses. Elsewhere, **Babcock** featured a late rise of 7 at 194p amid continued talk of a US or Hanson Trust stake build up. **Vosper** rallied smartly to close 15 higher at 225p, while reports of a large buyer left **A. Lee** 5½ dearer at 51p. **Weir Group** continued to make progress and put on 2 more to 79p. **Burgess Products** weakened afresh to 112p before buyers appeared and took the price up to a close of 126p, up 2 on the day.

United Biscuits and **Imperial Group** both surged ahead on speculation that merger terms will be revealed today and on rdumours that counter offers for both companies could be in the pipeline. **United Biscuits** raced ahead after hours to close 17 higher at 273p; talk of a bid from a US group was rife in late dealings. **Imperial** settled 12 up at 245p, still boosted by hopes of a bid from Hanson Trust. Elsewhere, takeover speculation lifted **Tate and Lyle** 20 to a 1985 high of 575p and **Cadbury Schweppes** 5 to 164p. **Unigate** firmed 5 to 233p in reply to better-than-expected interim results.

English China up

Bid speculation persisted in **English China Clays** which raced higher to close 19 up at 303p for a two-day rise of 33. **Johnson Matthey**, reflecting better-than-expected interim figures, advanced 18 to 145p, while further consideration of the preliminary results left **J. H. Fenner** 5 to the good at 130p. **Pearson** were noteworthy for a gain of 18 to 371p, along with **Rank Organisation**, which rallied 11 to 470p. Suter bid hopes left **Newman Industries** 2 firmer at 35p, after 37p, while **Pacer Systems** closed 15 higher at 180p on speculative demand. **Sale Tilney** improved 8 to 240p, but **Abbey** settled 2 lower at 114p following rejection of thei ncreased and final offer from French Kier. Among the miscellaneous industrial leaders, late support left **Boots** 9 up at 272p. Buying ahead of the preliminary figures, expected shortly, resulted in a rise of 12 to 397p in **Trafalgar House**.

Leading Properties gave modest ground in quiet trading. **Land Securities** softened a couple of pence to 316p, while **MEPC** lost a penny to 299p following annual results much in line with market expectations. Elsewhere, dealings in estate agents **Bairstow Eves** resumed at 141p with an eventual close of 144p, down 9 on the day, in the wake of the agreed bid terms from **Hambros**; the latter, which revealed excellent half-year figures on Tuesday, touched a 1985 peak of 195p before settling 3 cheaper on balance at 187p.

Coats Patons advanced 8 to 163p follow persistent rumours of a bid from Hanson Trust. Other firm spots in Textiles included **Courtaulds**, 4 better at 190p, and **Dawson International**, a similar amount firmer at 214p.

In Tobaccos, **Rothmans** rallied well and put on 10 to 131p following reassuring press comment on the interim results, but **Bats** encountered selling in the wake of a newspaper suggestion that the shares were a "chart sell" and gave up 8 at 275p.

Speculation of a possible bid from British Empire Sec and General Trust lifted **Ashdown Investment Trust** 14 to a 1985 peak of 152p. Among Financials, Stockjobbing concern **Smith Bros** lost 5 at 190p, after 187p; the proposed £13.5m rights issue countered the effects of the record first-half profits. **IFI**, advanced 7 to 105p following speculative support.

A downturn in crude oil spot prices and continuing concern over Sheik Yamani's repeated oil price warnings encouraged further modest selling of the leadings oils. **BP** gave up 7 more to 583p—a three-day decline of 22—while **LASMO** fell a like amount to 243p. **Britoil** eased a few pence to 235p despite confirmation of a second oil discovery in block 3/4A in the North Sea.

Firm features in secondary oils included **Great Western Resources**, 10 to the good at 135p, **Energy Capital**, 4 better at 64p and **New London Oil**, which improved 2 to 62p, the last-named following interim figures. **Berkeley Exploration** advanced 5 to 98p amid talk of an imminent bid.

Elsewhere **Carless Capel** dropped 5 to 107p on further consideration of the interim results announced on Tuesday.

Polly Peck dropped to a 1985 low of 152p on renewed nervous selling ahead of Monday's preliminary figures before rallying smartly to close the day a net 3 dearer on balance at 163p. Elsewhere in Overseas Traders, **REA Holdings** revived with an improvement of 10 to 215p.

Leading Australian mines fell away on lack of interest and minor selling prompted by the widespread losses in overnight Sydney and Melbourne markets. **Peko-Wallsend** lost 6 at 240p and **CRA** eased 4 to 254p while in the first-line Golds, **Poseidon** dipped 7 to 166p and **Central Norseman Gold** 5 to 338p. Speculative issues, on the other hand, provided numerous firm features. Gains ranging from 2 to 4 were common to **Central Kalgoorlie**, 14p, **Forsayth Oil and Gas**, 28½p, **Jason Mining**, 22p, **Southern Resources**, 95p and **Spargos Exploration**, 23p.

Continuing worries over the tin crisis on the London Metal Exchange left **Ayer Hitam** 10 cheaper at 190p.

Golds easier

Business in mining markets remained at a low level. South African Gold and related stocks were marked down at the outset, reflecting a quiet performance by the bullion price in New York overnight, and continued to drift easier throughout the day in London, as the gold price retreated to around $327.5 before picking up to end the session a net $3.25 easier at $328.5 an ounce. Trading was also inhibited by the absence of US interest ahead of today's Thanksgiving Day closure on Wall Street.

A handful of the leaders attracted minor support after hours' but the majority of the heavyweights settled with modest falls.

The Gold Mines index slipped below the 300 mark and posted 7.6 decline at 299.0. **Vaal Reefs** were a vulnerable market in the top quality stocks and fell away to close £1¼ cheaper at £46⅞, while **Randfontein** gave up a point to £52¾ and **Southvaal** a similar amount to £22. **Buffels**, due to announce an interim dividend on Monday, fell ⅜ to £18¼.

South African Financials moved narrowly in either direction. UK-based issues remained out of favour and **Consolidated Gold Fields** dropped 7 to 498p while **Rio Tinto-Zinc** lost 3 at 532p and **Hampton Areas** 5 to 145p.

Demand for Traded Options declined with total contracts completed amounting to 14,238, comprising 11,027 calls and 3,211 puts.

FINANCIAL TIMES STOCK INDICES

	Nov. 27	Nov. 26	Nov. 25	Nov. 22	Nov. 21	Nov. 20	year ago
Government Secs	83.93	83.95	83.98	83.85	83.80	83.37	82.96
Fixed Interest	89.25	89.34	89.37	88.90	88.98	88.78	86.16
Ordinary ♥	1138.9	1128.5	1146.9	1135.4	1121.6	1106.0	929.2
Gold Mines	299.0	306.6	309.4	294.6	293.6	385.2	550.9
Ord. Div. Yield	4.31	4.32	4.26	4.28	4.31	4.36	4.60
Earnings, Yld. % (full)	10.72	10.76	10.63	10.69	10.69	10.82	11.17
P/E Ratio (net) (*)	11.50	11.46	11.60	11.53	11.53	11.39	10.71
Total bargains (Est.)	28,331	34,247	36,000	32,860	28 754	24,436	20,642
Equity turnover £m.	—	659.96	619.94	634.39	645.03	729.12	356.20
Equity bargains	—	34,627	35,320	36,689	31,619	28,56?	16,560
Shares traded (ml)	—	300.4	300.3	329.1	315.4	348.?	182.4

♥ 10 am 1129.4. 11 am 1130.2. Noon 1133.4. 1 pm 1133.2. 2 pm 1132.5. 3 pm 1132.5. 4 pm 1132.6.

Day's High 1138.9. Day's Low 1128.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 11.10.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (18/10)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.38 (28/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1146.9 (25/11)	911.0 (25/7)	1146.9 (25/11/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	217.6 (6/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Nov. 26	Nov. 25
Daily		
Gilt Edged Bargains	176.0	151.6
Equities Bargains	224.4	228.9
Equities Value	1334.0	1253.1
5 day Average		
Gilt Edged Bargains	149.0	139.8
Equities Bargains	216.2	202.6
Equities Value	1329.3	1304.4

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (76)

BRITISH FUNDS (3)
Treas. 13¼pc 1997; Treas. 9¼pc 2002; Treas. 10pc 2001
INT. BK. & O'SEAS GOVT. STLG. ISS. (2)
African Dev. Bank 11¼pc Ln 2010; Sweden 13½pc Ln. 2010
CORPORATION LOANS (1)
LCC 5½pc 1985-87
LOANS (1)
Inv. in Ind. 10½pc
AMERICANS (1)
Quaker Oats
BANKS (4)
Banco de Bilbao; Comml. Bk. of Wales; Banco de Santander; Hambros
BUILDINGS (6)
Aberdeen Constr.; Bryant; BPB Inds.; Helical Bar; Baggeridge Brick; Lafarge-Coppee
CHEMICALS (2)
Morceau; Plysu
STORES (9)
Brit. Home Stores; Samuel (H.); Combined English; Smith (W. H.) A; GUS A; Steinberg; Helene of London; Stirling Group; S & U Stores
ELECTRICALS (5)
Electrocomponents; Thorpe (F. W.); Micro Scope; Western Selection; Process Systems
ENGINEERING (4)
Babcock Internatl.; Lee (Arthur); Beauford; Weir
FOODS (5)
BSN; Unigate; Fitch Lovell; Utd. Biscuits Wts.; Tate & Lyle
HOTELS (2)
Inn Leisure; Queens Moat Houses
INDUSTRIALS (11)
English China Clays; Pacer Systems; Johnson Matthey; Robertson Research; Jourdan (T.); Securicor; Macllellan (P. & W.); Trafalgar House; Nolton; Waterford Glass; Ozalid 9pc Cnv '87-92
MOTORS (2)
Alexanders; Perry
PROPERTY (5)
Comoco; Walker (Alfred); Parkdale; Wates City of Lond.; Trencherwood
SHIPPING (1)
P & O Defd.
TEXTILES (4)
Courtaulds; Foster (John); Dawson Internatl.; Tomkinsons
TOBACCOS (1)
Imperial Group
TRUSTS (7)
Ashdown Inv.; Meldrum Inv.; Border & Southern; New Throg. Cap.; Jove Inv. Inc.; Scot. & Mercantile A; M & G Dual Cap.

NEW LOWS (25)

AMERICANS (1)
Texaco
ELECTRICALS (4)
Denmans Elect.; Radius; Elec. Data Process'g; Telemetrix
ENGINEERING (1)
Simon Engineering
INDUSTRIALS (3)
Benlox; Rexmore; Peek Hldgs.
LEISURE (1)
Nationwide Leisure
PAPER (1)
Moorgate Group
SHIPPING (1)
Mersey Dock Units
TEXTILES (1)
Bulmer & Lumb
TRUSTS (1)
Authority Inv.
OILS (4)
Bridge Oil; Tricentrol 11pc Cnv. Ln. 1995-2005; Charterhouse Pet.; Eglinton Oil
OVERSEAS TRADERS (2)
Polly Peck Intl. 9pc Cnv. Ln. 2003-08; Polly Peck Intl.
PLANTATIONS (1)
Plant. & Gen. Invs.
MINES (4)
Afro-West Mining; Southern Goldfields; Bougainville; Malaysia Mining

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Nov 27 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Tues Nov 26 Index No.	Mon Nov 25 Index No.	Fri Nov 22 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (228)	580.51	+0.2	9.94	3.94	12.62	14.74	579.23	587.25	585.84	550.96
2	Building Materials (23)	649.24	−0.4	10.12	4.16	12.32	15.38	651.74	648.97	646.83	516.82
3	Contracting, Construction (28)	958.98	−0.4	10.19	4.43	12.65	28.48	962.38	960.34	953.68	723.16
4	Electricals (13)	1599.55	—	9.34	4.73	13.69	51.46	1599.90	1610.61	1582.38	1608.08
5	Electronics (39)	1392.36	+1.0	10.89	3.25	12.13	31.57	1378.47	1425.01	1416.31	1982.26
6	Mechanical Engineering (61)	332.98	−0.4	10.38	4.36	11.69	9.34	334.41	336.97	334.65	267.55
8	Metals and Metal Forming (7)	249.75	+2.6	8.82	6.44	13.83	7.73	243.48	245.34	243.73	159.38
9	Motors (17)	202.09	−0.3	12.31	4.35	9.80	5.75	202.68	206.34	208.01	141.07
10	Other Industrial Materials (20)	1044.72	+0.5	7.18	3.46	16.72	24.10	1039.50	1055.98	1059.62	774.34
21	CONSUMER GROUP (176)	783.89	+0.7	8.32	3.48	15.04	17.57	778.53	787.69	779.33	588.50
22	Brewers and Distillers (23)	807.58	+0.6	8.89	3.71	14.30	15.85	802.47	816.65	816.29	537.79
25	Food Manufacturing (22)	579.35	+0.9	10.26	4.24	12.57	16.75	574.20	579.25	564.84	457.07
26	Food Retailing (14)	1793.87	—	5.87	2.42	23.18	23.60	1794.90	1803.26	1786.37	1394.52
27	Health and Household Products (9)	1205.81	+0.1	6.35	2.72	18.48	23.08	1204.32	1212.65	1203.58	980.10
29	Leisure (24)	778.28	+0.5	7.23	4.26	17.63	23.67	774.42	778.92	777.61	663.42
32	Newspapers, Publishing (11)	1892.02	−0.6	7.15	5.16	17.69	58.54	1903.53	1882.38	1863.63	1409.90
33	Packaging and Paper (13)	377.27	+0.1	9.53	4.13	12.59	10.02	376.78	374.43	372.81	274.28
34	Stores (41)	829.15	+1.6	6.39	2.64	21.13	14.90	816.03	834.96	822.57	527.86
35	Textiles (16)	388.24	+1.9	11.41	4.40	9.95	18.96	380.83	382.51	378.67	287.78
36	Tobaccos (3)	808.12	−0.1	16.68	5.56	6.83	30.77	808.62	815.77	804.93	815.80
41	OTHER GROUPS (98)	736.98	+0.6	8.74	3.91	14.79	15.99	732.31	742.63	742.53	518.63
42	Chemicals (18)	735.34	+0.1	13.42	5.19	9.84	26.47	734.45	748.81	747.98	679.58
44	Office Equipment (4)	229.05	+1.9	6.95	3.82	17.15	6.20	224.77	228.27	230.21	145.59
45	Shipping and Transport (11)	1359.09	+0.3	7.25	4.00	16.92	40.16	1355.30	1356.84	1349.27	919.72
46	Miscellaneous (63)	901.78	+0.2	7.18	3.64	17.13	17.44	899.57	915.66	917.43	738.69
48	Telephone Networks (2)	939.66	+1.1	8.03	3.52	16.54	14.38	929.32	939.58	938.86	0.0
49	INDUSTRIAL GROUP (482)	726.04	+0.6	8.82	3.70	14.32	16.66	721.97	731.27	726.70	572.06
51	Oils (18)	1177.50	−0.9	15.97	7.43	7.68	60.66	1187.98	1201.03	1210.14	1070.12
59	500 SHARE INDEX (500)	764.68	+0.4	9.68	4.15	12.97	20.19	761.74	771.36	767.84	613.59
61	FINANCIAL GROUP (116)	527.22	−0.5	—	4.60	—	16.39	530.13	536.28	536.54	418.72
62	Banks (6)	536.37	−1.3	16.70	5.52	8.56	20.18	543.63	554.06	552.39	416.31
65	Insurance (Life) (9)	811.40	−0.4	—	4.19	—	23.40	814.60	821.44	824.23	539.55
66	Insurance (Composite) (7)	405.52	−0.4	—	4.86	—	15.79	407.03	412.56	415.16	316.26
67	Insurance (Brokers) (8)	1184.86	+0.2	7.14	3.64	18.74	30.76	1182.57	1198.55	1204.04	930.91
68	Merchant Banks (11)	284.91	−0.2	—	3.63	—	6.42	285.53	287.99	286.51	213.09
69	Property (51)	690.19	−0.3	5.61	3.55	23.89	15.45	692.11	694.63	695.80	635.85
70	Other Financial (24)	305.69	−0.2	10.01	5.59	12.35	11.59	306.23	308.87	307.23	251.47
71	Investment Trusts (106)	640.48	−0.3	—	3.38	—	14.41	642.72	643.86	643.08	554.79
81	Mining Finance (3)	257.49	−0.9	12.99	6.03	8.96	10.48	259.84	263.26	265.04	279.12
91	Overseas Traders (14)	586.43	−0.5	13.28	6.82	8.95	29.15	589.47	595.73	594.81	597.47
99	ALL-SHARE INDEX (739)	695.04	+0.2	—	4.23	—	18.96	693.77	702.06	699.64	562.61

	Index No.	Day's Change	Day's High	Day's Low	Nov 26	Nov 25	Nov 22	Nov 21	Nov 20	Year ago
FT-SE 100 SHARE INDEX	1438.0	+6.1	1438.8	1431.3	1431.9	1455.5	1451.0	1443.1	1424.3	1187.5

FIXED INTEREST

AVERAGE GROSS REDEMPTION YIELDS			Wed Nov 27	Tues Nov 26	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	9.92	9.91	10.40
2		15 years	10.12	10.13	10.20
3		25 years	10.14	10.15	9.81
4	Medium	5 years	10.83	10.81	10.90

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NAME CHANGE CORRECTION: Carpets International has changed its name to Debron Investments (35)

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BAT Industries	275	− 8
Coats Patons	163	+ 8
Distillers	500	+18
Dubilier	180	+14
English China Clays	303	+19
Imperial Group	245	+12
Jaguar	322	− 3
Johnson Matthey	145	+18
Newman Industries	35	+ 2
Rothmans Intl. "B"	131	+10
Trafalgar House	397	+12
Volvo B	£28⅛	+ 4⅛

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
Beecham	21	323	—
Br. Home Strs.	20	397	−12
Marley	19	118	+ 6
Burton	18	578	−12
Apricot Comps.	17	65	+ 5
Boots	17	263	− 9
Eng. Ch. Clays	17	284	+14
Babcock Intnl.	16	187	+11
Brit. Aerospace	16	471	−12
Cbl. and Wire.	16	637	−16
Sp. & Jackson	16	258	− 2
Woolworth	16	577	−18

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$340	13	6.70	21	12.50	6	20	$328.10
GOLD C	$360	33	2.50	—	—	24	9	"
GOLD P	$320	—	—	2	5.70	—	—	"
GOLD P	$340	—	—	—	—	10	13	"

TOTAL VOLUME IN CONTRACTS: 31,819

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
32	Nil	10/1	4pm	1½pm	Readicut 5p	2½pm	− 1
240	Nil	20/1	46pm	38pm	Samuelson Grp. 20p	38pm	− 2
187	Nil	—	36pm	33pm	Wedgwood	33pm	− 3

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. H Dividend and Yield based on prospectus or other official estimates for 1986. u Forecast otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮ Allotment price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). † Units comprising 5 ordinary shares and 1 warrant.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov 18	Nov 29	Feb 20	Mar 3
Dec 2	Dec 13	Mar 6	Mar 17
Dec 16	Jan 3	Mar 26	Apr 7

For rate indications see end of Unit Trust Service

Stocks favoured for the call included First Castle Electronics, Pentos, Polly Peck, Scottish and Newcastle Breweries, Marley, Davy Corporation, STC, Atlantic Resources, Energy Capital, UK Optical, Plessey, Air Call and Beecham. A put and a double was arranged in Polly Peck.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	41	28	40
Corpns. Dom. and Foreign Bonds	21	9	52
Industrials	253	396	838
Fin. and Props.	52	158	355
Oils	18	36	75
Plantations	0	1	17
Mines	24	71	91
Others	48	102	84
Totals	456	801	1,552

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*583)	500	95	105	—	1½	[illegible]	[illegible]
	550	48	60	75	5	[illegible]	[illegible]
	600	15	25	35	28	[illegible]	[illegible]
Cons. Gold (*504)	460	62	74	84	8	[illegible]	[illegible]
	500	38	43	57	32	[illegible]	[illegible]
	550	14	25	34	64	[illegible]	[illegible]
	600	5	—	—	—	[illegible]	[illegible]
Courtaulds (*187)	140	50	54	67	1	[illegible]	[illegible]
	160	31	35	38	1½	[illegible]	[illegible]
	180	15	22	26	6	[illegible]	[illegible]
	200	7	12	14	18	[illegible]	[illegible]
Com. Union (*231)	200	37	42	—	1½	[illegible]	[illegible]
	220	21	29	—	5	[illegible]	[illegible]
	240	10	19	27	14	[illegible]	[illegible]

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
P. & O. (*448)	390	70	75	—	3	2	—
	420	45	53	63	7	13	18
	460	20	28	37	20	27	35
Racal (*146)	130	22	30	38	4	8	10
	140	16	20	30	8½	13	16

November 27 Total contracts 14,356 Calls 11,287 Puts 3,269
*Underlying security price

WORLD STOCK MARKETS

AUSTRIA

Nov. 27	Price Sch %	+ or —
Creditanst'lt ppd	445	......
Goesser	565	— 25
Interunfall	1,610	......
Laenderbank	435	......
Perlmooser	800	— 5
Stey-Daimler	176	+ 1
Veitscher Mag	910	— 39

BELGIUM/LUXEMBOURG

Nov. 27	Price Frs.	+ or —
B.B.L.	2,500	+ 25
Banq. Gen. Lux	8,850	......
Banq. Int.A.Lux	8,100	......
Bekaert	8,680	+ 90
Ciment CBR	2,820	— 65
Cockerill	210	— 2
Delhaize	8,950	+ 50
EBES	3,995	+ 45
Electrobel	11,900	— 350
Fabrique Nat.	2,040	— 50
GB Inno BM	4,920	— 80
GBL (Brux)	2,695	— 35
Gevaert	6,150	— 30
Hoboken	5,630	+ 10
Intercom	2,950	— 50
Kredietbank	12,000	— 600
Pan Hldgs	9,900	— 50
Petrofina	6,990	— 40
Royale Belge	17,700	+ 100
Soc. Gen. Banq	4,600	+ 5
Soc. Gen. Belge	2,345	— 15
Sofina	8,360	— 40
Solvay	6,000	— 400
Stanwick Intl	920	— 30
Tractionel	5,050	— 250
UCB	5,630	— 50
Wagon Lits	4,165 ‡	— 35

DENMARK

Nov. 27	Price Kr %	+ or —
Andelsbanken	382	— 6
Baltic Skand	575	+ 25
Cop Handelsb'nk	322	+ 5
[illegible]	[illegible]	[illegible]

FRANCE

Nov. 27	Price Frs.	+ or —
[illegible]	[illegible]	[illegible]
Petroles Fra.	329	+ 9
Peugeot S.A.	467.50	+ 0.5
Printemps (Au.)	347.50	+ 8.50
Radiotech	397	......
Redoute	1,780	— 52
Roussel-Uclaf	1,620	— 48
Selimeg	377	+ 2
Skis Rossignol	1,420	— 15
Telemec Elect	2,900	— 15
Thomson (CSF)	692	+ 2
Valeo	300	— 25

GERMANY

Nov. 27	Price Dm.	+ or —
AEG	226	— 1.5
Allianz Vers	1,735	— 35
BASF	266.5	— 0.7
Bayer	256.5	— 2
Bayer.Hypo	443	— 2
Bayer-Verein	429	— 3
BHF-Bank	443	+ 3
BMW	570	— 11
Brown Boveri	298	......
Commerzbank	268.5	— 5.7
Cont'l. Gummi	158.8	— 0.7
Daimler-Benz	1,178	— 31.5
Degussa	433	+ 7
D'sche Babcock	211	— 6.5
Deutsche Bank	693.5	— 8.5
Drdsdner Bank	339.5	— 5
GHH	221	— 2
Henkel	385	— 5
Hochtief	751	— 19
Hoechst	256	— 3
Hoesch Werke	165	— 1
Holzmann (P)	482	— 5
Horten	231	— 2
Hussel	417.8	+ 0.8
Karstadt	339.5	+ 3
Kaufhof	338	......
KHD	358	+ 18
Kloeckner	92.5	— 2.3
Linde	570.5	— 19.5
Lufthansa	224	+ 1
MAN	192	— 4
Mannesmann	269	......
Mercedes Hld	1,067	— 33
Metallgesell	306	— 1
Muench Rueck	2,400	+ 70
Nixdorf	554	— 1.5
Porsche	1,275	— 15
Preussag	244.3	— 1.3
Rhein West Elect	195	— 1.2
Rosenthal	320	— 1
Schering	549	— 5
Siemens	656	— 7
Thyssen	172.8	— 2.7
Varta	280	+ 0.5
Veba	271.2	— 1.2
V.E.W.	137.5	— 0.2
Verein-West	352	— 2
Volkswagen	404.5	— 2

ITALY

Nov. 27	Price Lira	+ or —
[illegible]	[illegible]	[illegible]

NETHERLANDS

Nov. 27	Price Fls.	+ or —
[illegible]	[illegible]	[illegible]
Philips	54.4	......
Robeco	81.1	+ 0.1
Rodamco	135.4	+ 0.2
Rolinco	73.3	— 0.1
Rorento	47.3	— 0.1
Royal Dutch	185.6	+ 0.2
Unilever	383.9	+ 1.4
VMF Stork	251.2	— 1.6
VNU	272	+ 0.6
Wessanen	227.5	— 1.5
West Utr Bank	90.5	— 0.6

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Nov. 27	Price Kroner	+ or —
Bergens Bank	[illegible]	[illegible]
Borregaard	[illegible]	[illegible]
Christiania Bank	[illegible]	[illegible]
DenNorske Cred	[illegible]	[illegible]
Elkem	[illegible]	[illegible]
Kosmos	[illegible]	[illegible]
Kvaerner	[illegible]	[illegible]
Norske Data	[illegible]	[illegible]
Norsk Hydro	[illegible]	[illegible]
Storebrand	[illegible]	[illegible]

SPAIN

Nov. 27	Price Pts %	+ or —
Bco Bilbao	[illegible]	[illegible]
Bco Central	[illegible]	[illegible]
Bco Exterior	[illegible]	[illegible]
Bco Hispano	[illegible]	[illegible]
Bco Popular	[illegible]	[illegible]
Bco Santander	[illegible]	[illegible]
Bco Vizcaya	[illegible]	[illegible]
Dragados	[illegible]	[illegible]
Hidrola	[illegible]	[illegible]
Iberduero	[illegible]	[illegible]
Petroleos	[illegible]	[illegible]
Telefonica	[illegible]	[illegible]

SWEDEN

Nov. 27	Price Kronor	+ or —
AGA	[illegible]	[illegible]
Alfa-Laval B	[illegible]	[illegible]
ASEA (Free)	[illegible]	[illegible]
Astra (Free)	[illegible]	[illegible]
Atlas Copco	[illegible]	[illegible]
Cardo (Free)	[illegible]	[illegible]
Cellulosa	[illegible]	[illegible]
Electrolux B	[illegible]	[illegible]
Ericsson B	[illegible]	[illegible]
Esselte	[illegible]	[illegible]
Mo och Domsjo	[illegible]	[illegible]
Pharmacia	[illegible]	[illegible]
Saab Scania Free	[illegible]	[illegible]
Sandvik	[illegible]	[illegible]
Skandia	[illegible]	[illegible]
Skan Enskilda	[illegible]	[illegible]
SKF	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

SWITZERLAND

Nov. 27	Price Frs.	+ or —
[illegible]	[illegible]	[illegible]

AUSTRALIA

Nov. 27	Price Aust.$	+ or —
[illegible]	[illegible]	[illegible]
Bond Corp	[illegible]	[illegible]
Boral	[illegible]	[illegible]
Bougainville	[illegible]	[illegible]
Brambles Ind	[illegible]	[illegible]
Bridge Oil	[illegible]	[illegible]
B. H. Prop.	[illegible]	[illegible]
CRA	[illegible]	[illegible]
CSR	[illegible]	[illegible]
Castlemaine	[illegible]	[illegible]
Coles (G.J.)	[illegible]	[illegible]
Comalco "A"	[illegible]	[illegible]
Consolidated Pet	[illegible]	[illegible]
Costain Aust	[illegible]	[illegible]
Dunlop Olym	[illegible]	[illegible]
Elders IXL	[illegible]	[illegible]
Energ Res	[illegible]	[illegible]

AUSTRALIA (continued)

Nov. 27	Price Aust.$	+ or —
[illegible]	[illegible]	[illegible]

HONG KONG

Nov. 27	Price H.K.$	+ or —
[illegible]	[illegible]	[illegible]

JAPAN

Nov. 27	Price Yen	+ or —
[illegible]	[illegible]	[illegible]

JAPAN (continued)

Nov. 27	Price Yen	+ or —
[illegible]	[illegible]	[illegible]

SINGAPORE

Nov. 27	Price S$	+ or —
[illegible]	[illegible]	[illegible]

SOUTH AFRICA

Nov. 27	Price Rand	+ or —
[illegible]	[illegible]	[illegible]

CANADA

TORONTO

Closing prices November 27

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONTREAL

Closing prices November 27

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Sales 4,486,690 shares

Indices

NEW YORK—DOW JONES

	Nov 27	Nov 26	Nov 25	Nov 22	Nov 21	Nov 20	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,475.69	1,458.77	1,456.65	1,464.33	1,462.27	1,439.22	1464.33 (22/11)	1184.96 (4/1)	1464.33 (22/11/85)	41.22 (2/7/32)
Transport	683.17	678.97	676.26	682.84	688.67	685.74	702.6 (17/7)	553.03 (4/1)	702.60 (17/7/85)	12.32 (8/7/32)
Utilities	164.44	164.69	165.37	166.14	166.03	164.50	168.81 (12/7)	146.54 (4/1)	168.81 (12/7/85)	10.5 (28/4/42)
Trading vol		123m	91.7m	133.7m	150.3m	105.1m	—	—	—	—

	Nov 22	Nov 15	Nov 8	Year Ago (Approx)
Ind Div Yield %	4.32	4.40	4.48	4.79

STANDARD AND POORS

	Nov 27	Nov 26	Nov 25	Nov 22	Nov 21	Nov 20	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	225.77	223.51	223.49	224.25	224.04	221.24	224.25 (22/11)	128.24 (4/1)	224.26 (22/11/85)	3.62 (30/6/32)
Composite	202.54	200.67	200.35	201.52	201.42	198.99	201.52 (22/11)	163.68 (4/1)	201.52 (22/11/85)	4.40 (1/6/32)

	Nov 13	Nov 6	Oct 30	Year Ago (Approx)
Ind div yield %	3.82	3.66	3.71	4.67
Ind. P/E Ratio	13.38	13.10	12.71	10.69
Long Gov Bond Yield	10.02	10.15	10.22	11.71

N.Y.S.E. ALL COMMON

Nov 27	Nov 26	Nov 25	Nov 22	1985 High	1985 Low
116.66	115.74	115.50	116.24	116.24 (22/11)	94.60 (4/1)

RISES AND FALLS

	Nov 26	Nov 25	Nov 22
Issues traded	2,019	2,012	2,032
Rises	793	540	854
Falls	760	1,083	623
Unchanged	466	389	455

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Texaco	6,929,000	30⅝	— ¼	Prime Comp	1,671,100	22⅛	+ 1½
Baxter LAB	3,606,900	14⅜	+ ⅞	ATT	1,386,000	23½	+ ⅛
Am Express	2,751,300	48⅝	+ ¼	Na Ind PS	1,349,100	8	unch
Hops CP Am	2,517,900	34⅛	+ ⅛	Warner-Lam	1,328,700	43⅝	+ 1⅝
PSEG	2,337,800	30⅛	— 1	Dana	1,285,800	28⅞	unch

Advances 952 Declines 652

TORONTO

	Nov 27	Nov 26	Nov 25	Nov 22	1985 High	1985 Low
Metals & Minls	1,816.7*	1,809.3	1,821.4	NA	2199.7 (13/2)	1749.82 (31/10)
Composite	2,826.7*	2,811.5	2,818.9	2,531.7	2838.7 (21/11)	2348.5 (8/1)
MONTREAL Portfolio	137.01*	137.04	137.64	137.76	139.33 (19/7)	117.08 (4/1)

* Indicates pre-close figure

World indices

	Nov. 27	Nov. 26	Nov. 25	Nov. 22	1985 High	1985 Low
AUSTRALIA						
All Ord. (1/1/80)	984.6	998.6	1000.6	991.00	1052.2 (25/10)	715.3 (7/1)
Metals & Minls. (1/1/80)	497.7	485.5	489.1	490.70	585.8 (20/5)	362.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	120.37	121.23	119.22	115.72	121.93 (26/11)	58.21 (24/1)
BELGIUM						
Brussels SE (3/1/80)	2647.39	2986.36	2982.34	2961.62	2986.36 (25/11)	2090.7 (16/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	219.62	222.55	221.66	237.57 (24/10)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	248.7	248.5	248.80	239.5	248.7 (27/11)	180.9 (3/1)
Ind Tendance (28/12/84)	142.5	144.2	(u)	139.9	144.2 (25/11)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	597.86	601.51	601.96	597.08	601.98 (22/11)	392.38 (3/1)
Commerzbank (1/12/53)	1740.0	1774.5	1775.40	1764.6	1781.4 (4/11)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1706.38	1718.49	1712.62	1762.51	1762.51 (21/11)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	452.58	431.49	430.67	428.75	432.38 (27/11)	228.56 (2/1)
JAPAN**						
Nikkei (16/5/49)	12777.8	12786.1	12783.4	12759.33	13055.5 (15/10)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1009.19	1006.27	1008.40	1009.52	1057.55 (10/7)	916.93 (4/1)
NETHERLANDS						
ANP.CBS General (1970)	238.1	238.0	239.2	238.70	39.2 (25/11)	185.6 (3/1)
ANP-CBS Indust (1970)	212.9	212.9	214.1	214.50	214.50 (22/11)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	398.59	402.96	406.68	408.39	412.88 (12/11)	298.18 (2/1)
SINGAPORE						
Straits Times (1966)	197.31	717.60	729.25	733.00	852.85 (7/3)	697.31 (27/11)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1248.8	1277.1	1216.8	1277.1 (25/11)	829.3 (5/8)
JSE Indust (28/9/78)	—	1049.2	1045.9	1020.8	1049.2 (26/11)	767.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	134.30	134.61	135.76	136.72	137.34 (21/11)	101.48 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1610.70	1593.75	1569.51	1552.20	1510.70 (27/11)	1285.32 (8/7)
SWITZERLAND						
Swiss Bank Cpn (31/12/58)	535.9	534.5	535.2	538.60	538.60 (22/11)	388.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	244.5	244.7	244.4	244.7 (25/11)	184.5 (4/1)

** Saturday November 23: Japan Nikkei (c). TSE (c).

Base value of all indices are 100 except JSE Gold—255.7. JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10: and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON Chief price changes (in pence unless otherwise indicated)

RISES

Amersham Int	290	+ 10
Ashdown Inv	152	+ 14
BPB Ind	378	+ 10
Babcock Int	194	+ 7
Berkeley Expl	98	+ 5
Boots	272	+ 9
British Home St	415	+ 18
Coats Patons	163	+ 8
Distillers	500	+ 18
Dubilier	180	+ 14
English China	303	+ 19
Habitat Mother	564	+ 16
Hogg Robinson	287	+ 11
Imperial Group	245	+ 12
Johnson Matt	145	+ 18
Lee (Arthur)	51	+ 5½
Rothmans Int B	131	+ 10
Smith (WH) A	314	+ 20
Steinberg	107	+ 9
Tate & Lyle	575	+ 20
Thorn EMI	434	+ 20
Unigate	233	+ 5
United Bisc	273	+ 17
Wayne Kerr	70	+ 12

FALLS

BAT Int	275	— 8
Bairstow Eves	144	— 9
Lloyds Bank	488	— 14
Mercury Secur	670	— 20
Smith Bros	190	— 5
Tarmac	394	— 10

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 41

Stock	Sales (Hnds)	High	Low	Last	Chng
OhioCa 2.80	129	72½	72¼	72¼	— ⅛
OldKnts 1.10	60	34½	34	34	— ½
OldRps .74	261	34	33⅝	33⅞	+ ¼
OldSpiC 2.60	3	22	21¾	21¾	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24⅝	16	AAR	.56	2.3	16	833	24	23	24	+1
19	10⅛	AGS			15	150	u19⅛	18¾	19⅛	+⅜
14	9⅞	AMCA				1	11⅜	11⅜	11⅜	
50¾	32¼	AMR			7	9829	40⅞	39⅝	40⅞	+⅞
23⅞	18⅝	AMR pf	2.18	9.0		24	u24⅜	24	24¼	+⅜
22	19	ANR pf	2.12	10		1	20¾	20¾	20¾	+¼
11⅞	7⅝	APL			5	26	10½	10⅜	10⅜	
15⅜	9	ARX			14	513	15¼	15	15⅛	+⅛
58⅜	32¾	ASA	2a	5.4		408	37½	36⅝	36¾	−⅞
27	10½	AVX	.32	2.4		192	13¼	12⅝	13⅛	+¼
28⅛	20⅝	AZP	2.72	10.	7	475	26½	26⅜	26⅜	
63⅜	38⅝	AbtLab 1.40		2.2	17	1235	63	62⅛	62⅞	+⅝
25⅞	19⅝	AccoWd .50		2.1	18	87	24¼	23⅞	24¼	+½
24¾	10	AcmeC .40		3.3		107	12⅛	11½	12	+½
10½	7	AcmeE .32b		4.4	11	5	7¼	7¼	7¼	
19	15½	AdaEx 1.92e		10.		185	18⅝	18⅜	18⅜	
20	13½	AdmMl .40		2.1	8	28	19⅝	18⅞	18⅞	−⅜
15¼	8⅝	AdvSys .53t		3.5	22	86	15¼	15	15¼	+⅛
36⅜	22⅞	AMD			40	5985	27⅝	26¾	27½	+¾
12¼	10⅜	Adobe n				166	12	11⅞	11⅞	−⅛
16⅝	14⅝	Adob pfA				95	u16½	16⅜	16⅜	
17⅜	15¼	Adob pfB				230	17¼	17⅛	17¼	+¼
12⅞	6⅞	Advest .12a		1.0	16	397	11⅝	11⅛	11⅝	+½
53⅝	34⅝	AetnLf 2.64		5.0	17	2852	52½	51½	52⅝	+⅝
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 41

NYSE COMPOSITE CLOSING PRICES

Continued from Page 40

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
16-	10⅝	Wylelab	.32	2.4	31	301	13⅝	13	13⅝	+¼
23⅜	15½	Wynns	.60	3.6	13	24	16⅞	16⅝	16⅝	−⅛

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
59⅝	35¾	Xerox	3	5.0	20	4682	u60	58½	60	+1¼
56¾	45⅞	Xerox pf5.45		9.6		1144	56⅝	56⅝	56⅝	−⅛
30¼	24⅝	ZaleCp 1.32		4.5	13	44	29¾	28¾	29¼	
17⅛	7¼	Zapata	.12	1.3	68	998	9½	9¼	9¼	−⅛
61¼	32⅝	Zayre s	.48	.8	17	1879	57	56¼	56¾	
25	16¼	ZenithE			919	882	18¾	18⅛	18⅝	+¼
21⅞	15¾	Zero s	.32	1.6	17	15	20⅜	20⅛	20¼	+⅛
41½	24¾	Zurnin	1.32	3.3	15	132	40½	39½	39½	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE CLOSING PRICES

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OVER-THE-COUNTER

Nasdaq national market, closing prices

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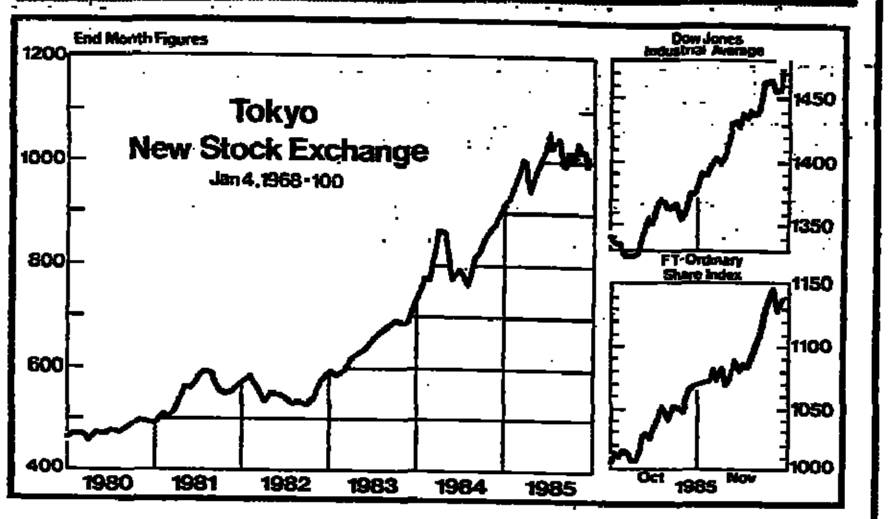
Continued on Page 39

FINANCIAL TIMES
WORLD STOCK MARKETS

KEY MARKET MONITORS



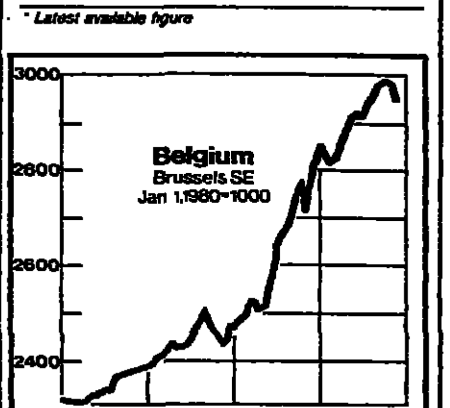
STOCK MARKET INDICES

	Nov 27	Previous	Year ago
NEW YORK			
DJ Industrials	1,475.69	1,456.77	1,220.19
DJ Transport	683.17	676.97	536.20
DJ Utilities	164.44	164.60	145.00
S&P Composite	202.54	200.67	186.26
LONDON			
FT Ord	1,138.9	1,128.5	929.2
FT-SE 100	1,438.0	1,431.9	1,178.0
FT-A All-share	695.04	693.77	562.61
FT-A 500	764.68	761.74	613.59
FT Gold mines	299.0	306.6	550.9
FT-A Long gilt	10.28	10.31	10.13
TOKYO			
Nikkei	12,777.84	12,783.1	11,184.1
Tokyo SE	1,009.10	1,008.27	846.18
AUSTRALIA			
All Ord.	994.6	996.4	725.5
Metals & Mins.	497.7	498.1	443.7
AUSTRIA			
Credit Aktien	120.37	121.93	58.52
BELGIUM			
Belgian SE	2,947.39	2,983.08	—
CANADA			
Toronto			
Metals & Minls	1,918.1*	1,908.3	1,948.0
Composite	2,830.8*	2,811.5	2,397.8
Montreal			
Portfolio	137.29*	136.60	118.98
DENMARK			
SE	n/a	219.78	168.98
FRANCE			
CAC Gen	248.7	247.9	181.2
Ind. Tendance	142.5	143.1	99.8
WEST GERMANY			
FAZ-Aktien	587.85	598.74	371.29
Commerzbank	1,740.0	1,763.6	1,086.1
HONG KONG			
Hang Seng	1,706.38	1,738.35	1,112.73
ITALY			
Banca Comm.	432.38	431.49	216.47
NETHERLANDS			
ANP-CBS Gen	238.1	238.0	177.8
ANP-CBS Ind	212.9	212.9	140.0
NORWAY			
Oslo SE	398.54	402.86	271.62
SINGAPORE			
Straits Times	697.31	717.60	831.85
SOUTH AFRICA			
JSE Golds	–	1,248.9	1,062.0
JSE Industrials	–	1,049.2	979.8
SPAIN			
Madrid SE	134.30	134.61	102.32
SWEDEN			
J & P	1,610.70	1,593.75	1,333.66
SWITZERLAND			
Swiss Bank Ind	535.9	534.5	375.8
WORLD	Nov 26	Prev	Year ago
Capital Int'l	244.5	244.7	183.9

GOLD (per ounce)

	Nov 27	Prev
London	$328.50	$331.75
Zürich	$328.40	$331.70
Paris (fixing)	$332.24	$333.33
Luxembourg	$330.50	$332.00
New York (Dec)	$325.70	$331.20

* Latest available figure



CURRENCIES

(London)	U.S. DOLLAR Nov 27	Previous	STERLING Nov 27	Previous
$	–	–	1.474	1.4705
DM	2.542	2.549	3.7475	3.7475
Yen	201.0	201.0	296.25	295.5
FFr	7.745	7.7675	11.415	11.4225
SFr	2.09	2.091	3.08	3.075
Guilder	2.857	2.87	4.21	4.22
Lira	1,717.0	1,722.0	2,530.5	2,532.25
BFr	51.55	51.6	76.0	75.9
C$	1.37815	1.3777	2.0326	2.0193

INTEREST RATES

	Nov 27	Prev
Euro-currencies (3-month offered rate)		
£	11⅝	11⅝
SFr	4¼	4³⁄₁₆
DM	4⅝	4⁹⁄₁₆
FFr	9¼	9³⁄₁₆
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⁵⁄₁₆	8⁵⁄₁₆
6-month U.S.$	8⅜	8⁵⁄₁₆
U.S. Fed Funds	7⅞*	7¾
U.S. 3-month CDs	7.80*	7.80
U.S. 3-month T-bills	7.165*	7.18

U.S BONDS

Treasury		Nov 27* Price	Yield	Prev Price	Yield
8½	1987	100⁵⁄₃₂	8.50	n/a	n/a
9¾	1992	101¹⁹⁄₃₂	9.48	101⁴⁄₃₂	9.519
9½	1995	99⁷⁄₃₂	9.64	98³¹⁄₃₂	9.664
9⅞	2015	99²³⁄₃₂	9.91	99¹⁶⁄₃₂	9.947

Treasury Index

Maturity (years)	Return Index	Nov 27* Day's change	Yield	Day's change
1–30	133.72	+0.28	9.18	–0.03
1–10	131.35	+0.19	8.91	–0.03
1– 3	127.30	+0.05	8.44	–0.01
3– 5	133.08	+0.24	9.13	–0.05
15–30	142.14	+0.59	10.15	–0.05

Source: Merrill Lynch

Corporate	Nov 27* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	102⅜	9.70	101⅛	10.05
3⅞ July 1990	84⅞	7.85	84⅞	7.85
8¾ May 2000	87¼	10.48	87¾	10.40
Xerox				
10⅞ Mar 1993	102⅝	10.17	101⅞	10.47
Diamond Shamrock				
10⅝ May 1993	100	10.675	99	10.80
Federated Dept Stores				
10⅝ May 2013	96⅝	11.15	96⅝	11.05
Abbot Lab				
11.80 Feb 2013	104⅜	11.25	105½	11.15
Alcoa				
12¼ Dec 2012	104½	11.70	104⅞	11.65

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	81–09	81–16	80–19	80–26
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	92.96	93.00	92.92	92.95
Certificates of Deposit (IMM) $1m points of 100%				
Dec	92.28	92.32	92.25	92.27
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	91.97	91.97	91.94	92.00
20-year Notional Gilt £50,000 32nds of 100%				
Dec	112–31	113–04	112–22	112–28

* Latest available figures

COMMODITIES

(London)	Nov 27	Prev
Silver (spot fixing)	422.80p	428.25p
Copper (cash)	£934.50	£943.25
Coffee (Jan)	£1,867.50	£1,840.50
Oil (spot Arabian Light)	$27.95	$27.95

WALL STREET

Festive mood arrives one day early

US INVESTORS celebrated Thanksgiving a day early yesterday, when an unexpected surge of buying brought a double digit gain in the Dow Jones industrial average which established another new peak, *writes Terry Byland in New York.*

Several brokerage firms executed buying programmes which again favoured the overseas earning stocks.

Spurred on by gains in Merck and IBM, blue chips rose sharply.

Turnover was heavy, with 145.1m shares traded, but the broader market was less strong than the blue chip sector.

Another substantial gain in sales of mutual funds, which peached a record $12.3bn in October – almost treble the comparable figure – also boosted trading.

At the close of trading the Dow Jones industrial average was up 18.92 at 1,475.69.

The bond market, also expecting a quiet session ahead of the holiday, responded to strength in stocks by reversing an early fall to rise sharply. There was a strong gain in the December bond futures contract.

The strongest gains came in the pharmaceutical companies, as they responded to the renewed weakness in the US dollar. Merck, a Dow Industrial component, jumped $4⅜ to a new peak of $130⅞, and hard on its heels was Pfizer, up $1⅜ to $53¼, Bristol-Myers, up $1⅛ to $65¾, and Upjohn, $3¾ higher at $137½. Syntech, still responding to the profits statement, jumped a further $3⅞ to $83⅛.

Selective buying of railroad stocks boosted the Dow Transportation Average. Burlington Northern at $69½, gained $1⅜, and other firm spots included Union Pacific, up $¾ at $50½, and CSX, up $½ at $28⅝.

IBM gained $1⅛ to $140⅛ although turnover was moderate. Honeywell attracted buying orders, gaining $2 to $70. Boeing, up $1 at $48½, was another stock sought out by institutional buyers.

Motor stocks, however, continued to lag behind the market, General Motors adding only $½ to $70½, and Ford $⅛ at $54¼. And the airlines were left out of the advance. United dipped $⅛ to $47¼ and American remained unchanged at $40.

The banks chalked up only minor gains; Bankers Trust rising $⅛ to $68⅝, Chase Manhattan $½ to $64 and Citicorp $⅜ to $46¼. The insurance sector also had to be content with small gains. Aetna Life & Casualty was $½ firmer at $52⅝.

Texaco again headed the active stocks list on the NYSE, falling a further $⅝ to $31½. This week has seen more than 12m Texaco share traded as the market flinched at the Texas court ruling that the oil company must pay $10.5bn to Pennzoil over the Getty Oil dispute.

At $63⅝, Pennzoil added another $⅞.

Stock in SCM declined by a further $¼ to $72⅜ as the market pondered the court's ruling against Hanson Trust of the UK.

In the credit markets, the Federal Reserve intervened twice, first by draining reserves by means of two day matched sales and then by buying $600m of bills. Both moves were seen as responses to the technical situation ahead of the prolonged weekend.

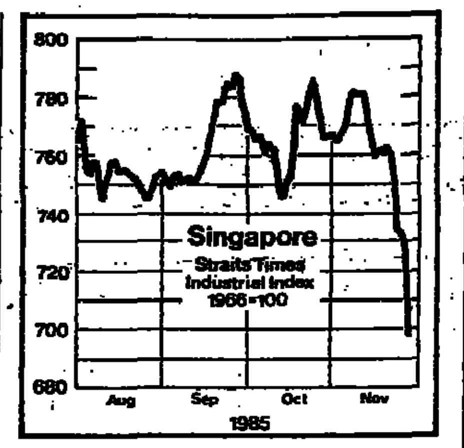
The bond market opened lower after the disclosure of a narrowing in the US trade balance in October, which suggested greater economic vigour than expected. But prices turned sharply higher as the stock market soared ahead, and gains ranged to three quarters of a point at mid-session.

HONG KONG

SPECULATION that Hong Kong's interest rates may rise kept investors jittery and prices lower yesterday.

The Hang Seng index finished the half-day session 31.97 lower at 1,706.38.

Foreign fund managers, who have taken a bullish approach to the market, stayed on the sidelines as talks between British and Chinese officials over the transfer of power in 1997 continued in Peking.



SINGAPORE

Jittery over problems at Pan Electric

A JITTERY Singapore fell to a 41-month low yesterday with the Singapore Straits Times index declining 20.29 to 697.31, its lowest level since July 13 1982 when it stood at 697.30.

Nervousness over the still unresolved financial troubles at Pan Electric brought about the heavy selling.

Pan Electric, a marine and property company with 69 subsidiaries scattered throughout the region, was suspended last Tuesday, with estimated debts of about S$360m. Details of the rescue plan worked out by 30 banks over the weekend have still not been disclosed.

Banks and blue chip industrials were most severely eroded. Genting lost 30 cents to S$5.05, Singapore Press 35 cents to S$5.80 and UOB 14 cents to S$3.34.

Grand United Holdings, the most active issue with 963,000 shares changing hands, ended 11 cents lower at S$1.09.

Hotels, properties and commodities eased in line with the general trend.

LONDON

BLUE CHIP industrials slowly recovered in London although the damage inflicted by Tuesday's profit-taking was still apparent in some sectors. The FT Ordinary share index added 10.4 to 1,138.9.

Interest centred on takeover situations. English China Clays gained 19p to 303p on bid speculation.

United Biscuits made late gains, adding 17p to 273p, amid talk of imminent developments in the merger discussions with Imperial Group and the possibility of a US counter to any offer. Imperial added 12p to 245p.

Chief price changes, Page 39; Details, Page 38; Share information service, Pages 36-37.

AUSTRALIA

DEPRESSED world metal prices and a lower BHP pushed prices down in Sydney where the All Ordinaries shed 2 points to 994.6.

BHP faded 4 cents to A$8.40. Mr Robert Holmes à Court, chairman of Bell Group, said yesterday that at some stage Bell would seek representation on the board of BHP. Following a small buying spree of BHP shares yesterday morning, Bell holds 17 per cent of BHP's voting shares. Bell Resources firmed 5 cents to A$4.90.

SOUTH AFRICA

A LOWER bullion price depressed gold shares in Johannesburg and industrials also eased in dull trading.

Southvaal lost R2 to R106, Vaal Reefs fell R5 to R221 and Buffels shed R3.50 to R83.

Mining houses and other mining stocks showed an easier bias with Anglo American off 35 cents at R38.50 and copper share Palabora lost 75 cents to R22.50.

CANADA

AFTER three lower sessions due to profit-taking, Toronto resumed its November rally yesterday.

Among actives, Dofasco added C$⅝ to C$27⅝, Moore Corp C$⅛ to C$27⅞, Dome Petroleum 15 cents to C$3.35 while Carling O'Keefe lost C$⅛ to C$12⅝.

In Montreal, industrials, utilities and banks were higher.

EUROPE

Reports take sting out of profit-taking

THE PROFIT-TAKERS slammed the brakes on trading activity on the European bourses yesterday as further ground was yielded in the technical retreat inaugurated on Tuesday. Some of the sting of the retreat was removed by a batch of trading reports and corporate developments.

Frankfurt was awash with news which helped to distract investor attention from the crushing display among car makers and the somewhat rare recalculation of the Commerzbank index. Tuesday's midsession figure was revised to 1,771.5 (from the previously stated 1,763.6) with the result that yesterday's slump to 1,740.0 amounted to 31.5 points.

Position adjustments by professional traders resulted in some heavy opening losses in a very thin market, but prices were resuscitated by a bout of mild buying later in the session.

The slide among the car makers continued with Daimler taking the brunt of the selling with a DM 31.50 decline to DM 1,178 while BMW shed DM 11 to DM 570.

The undoubted highlight of the session was the suspension of Brown Boveri, the West German subsidiary of the Swiss-based electrical concern, amid rumours that the parent intends to buy out minority BBC shareholders. Brown Boveri, last quoted at DM 298, will remain suspended until Monday when the group is expected to report on the future of the company.

Other major losers in the session were banks, with Deutsche Bank sustaining the most damage with a DM 8.50 fall to DM 693.50 amid suggestions that group profit may not live up to investor expectations. Dresdner retreated DM 5 to DM 339.50 in sympathy while Commerzbank ended the session with a DM 5.70 fall to DM 268.50.

The corporate news list featured Degussa, Veba, Holzmann, Hochtief and Siemens.

A 4.9 per cent rise in sales for the year for Degussa left the precious metals refiner DM 7 stronger at DM 433.

Veba's nine-month profits rise of 19 per cent failed to counter the persistent bearish mood of the day and the energy-to-chemicals group eased DM 1.20 to DM 271.20.

The building industry featured work-in-hand reports from Holzmann and Hochtief. The former lost DM 5 to DM 482 on a 14 per cent cut in workload and the latter slumped DM 19 to DM 751 despite the rise in workload to DM 4.1bn from DM 3.4bn.

News of a mopping-up operation in the US by Siemens of the 12 per cent holding it does not already own in Siemens-Allis fell on fallow ground, leaving the electrical group DM 7 cheaper at DM 656.

Other features included KHD's advance of DM 18 to DM 338.

Bonds were thinly traded and largely unchanged. The Bundesbank bought in DM 11.4m of public paper after Tuesday's sales of DM 32.7m.

Milan remained in the limelight with another record performance, but only just with a small 0.89 gain in the Banca Commerciale index to 432.38 as sentiment began to consolidate.

The Mediobanca merry-go-round continued to entertain with Dr Enrico Cuccia, the controversial 78-year-old director of the Milan merchant bank, named as a director representing minority shareholder Lazard Freres for a three-year term. The share price of the bank weakened further with another fall of L1,100 to L137,400. Banca Commerciale eased L250 to L24,495.

Insurers displayed some strength as Toro rose L60 to L23,360 and Generali picked up L1,320 to L71,190. Ras, buoyant in recent days, succumbed to some profit-taking and lost L3,000 to L136,500.

Among industrials, Saipem sprinted L102 to L7,132 and Fiat put on L20 to L5,050.

Near chaotic trading in Volvo pushed **Stockholm** to a fresh high for the year as the Veckans-Affarer All Share index gained 4.3 to 550.3. The car group was actively traded SKr 24 higher to SKr 314, a new high for the second consecutive day, while drug group Fermenta, the most active, climbed SKr 3 higher to a 1985 high of SKr 142. Other drug issues were caught up in the buying spree with Astra SKr 5 ahead at SKr 520 and Pharmacia finished SKr 3 stronger at SKr 205.

Elsewhere, Aga managed a recovery from recent weakness with a SKr 3 advance to SKr 164.

Amsterdam rebounded from early weakness to end mixed.

Shipping group Nedlloyd reversed an opening 20 cent decline to close Fl 2.80 higher at Fl 205 while steel group Hoogovens firmed Fl 1.90 to Fl 78.40. Unilever managed to hold on to a Fl 1.40 gain to Fl 383.90 and Royal Dutch firmed 20 cents to Fl 185.60. Philips was unchanged at Fl 54.40.

The restructuring plans announced by dredging group Boskalis was poorly received, leaving the group's share price Fl 5.50 lower at Fl 14.

Severe inroads were made by profit-takers in **Brussels** and **Paris** while **Zurich** and **Madrid** finished steady.

TOKYO

Blue chips fail to find favour

DESPITE an increase in trading volume in Tokyo yesterday, as brokerage houses stepped up business activity with the start of transactions for delivery in December, share prices ended slightly lower, *writes Shigeo Nishiwaki of Jiji Press.*

Large-capital stocks and blue chips were out of favour while incentive-backed issues were selected.

The Nikkei average dipped 6.25 from the previous day to 12,777.84. But the arithmetic stock price average, computed by simply averaging the prices of all the stocks listed on the first section of the Tokyo Stock Exchange, gained 3.42 to a high of 704.34, erasing its previous peak of 702.84 recorded on March 4.

Volume almost doubled to 501.99m shares from Tuesday's 281.10m. Declines outpaced advances by 426 to 405, with 112 issues unchanged.

Institutional investors, who supported bullish activity between September and October, shied away from entering the market because of uncertainties over the course of interest rates. Individual investors with limited funds began to hunt relatively low-priced, small capital stocks for short-term capital gains, a securities house official said.

Oki Electric, which has been attracting speculative interest since last week on rumours of a capital tie-up with IBM, topped the active list with 27.47m shares changing hands, adding Y11 to Y730.

Citizen Watch surged Y35 to Y515 on reports that it has entered into a business deal with Arimura Institute of Technology on the manufacture and sale of integrated circuit cards. The issue was the second busiest, with 25.14m shares traded.

Nippon Sheet Glass advanced Y24 to Y641 and Mitsubishi Rayon Y17 to Y382.

Meidensha Electric jumped Y27 to Y590 as it stands to benefit from increased capital spending planned by electric power companies in the next fiscal year starting in April.

Osaka Transformer rose Y23 to Y563, Dai Nippon Printing Y14 to Y323, Toyo Ink Y50 to Y535, Tokai Kanko Y44 to Y278, Chisan-Tokan Y61 to Y675 and Maruzen Y55 to Y610.

Among large-capital stocks, Nippon Steel fell Y3 to Y152 and Mitsubishi Heavy Industries fell Y18 to Y356.

Blue chip Hitachi declined Y10 to Y705 and Anritsu Electric lost Y20 to Y2,470. But Sony gained Y20 to Y3,820.

After a firm start, bond prices turned down under selling pressure, triggered by growing investor concern over high price levels.

The yield on the benchmark 6.8 per cent government bond maturing in December 1994 dropped to 6.170 per cent at one point, but later recovered 6.260 per cent compared with Tuesday's 6.275 per cent. The yields on government bonds with maturities similar to the 6.8 per cent bond went up slightly.